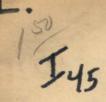
1306





REGULATIONS RELATING TO COMMERCE

- I. ORDINANCE FOR THE GENERAL REGULATIONS OF TRADERS
- II. COMMERCIAL ASSOCIATIONS' ORDINANCE
- III. REGULATIONS OF THE ARBITRATION COURT OF COMMERCE
- IV. DETAILED REGULATIONS RELATING TO THE ADMINISTRATION OF THE ARBITRATION COURT OF COMMERCE
 - V. THE LAW OF CHAMBERS OF COMMERCE



PUBLISHED BY
THE
COMMISSION ON EXTRATERRITORIALITY

PEKING 1923

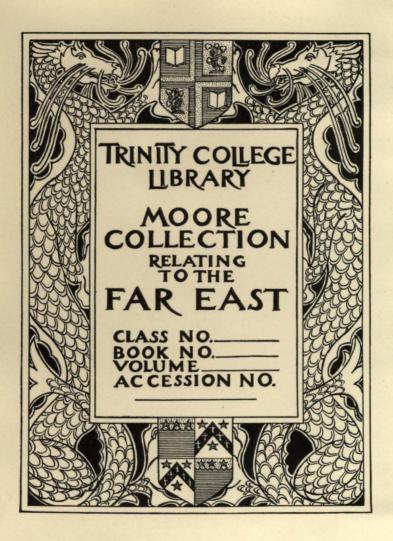


TABLE OF CONTENTS

PART I.

Ordinance for the General Regulations of Traders												
Chapte	r		Page									
I.	Traders	***	1									
II.	Capacity of Traders	***	2									
III.	Registration of Commercial Enterprises		4									
IV.	The Trade Name		5									
V.	Commercial Account Books		7									
VI.	Commercial Employees and Commercial Apprentices	***	9									
VII.	Agents	***	14									
	that solution is sometiment of solutions where the											
	PART II.											
	Commercial Associations' Ordinance											
Chapte	r and home and a decide last of the second		Page									
I.	General Provisions		16									
II.	Société en Nom Collectif		18									
	Paragraph 1. Formation		18									
	,, 2. Internal Organization		20									
	,, 3. External Relations		25									
	,, 4. Retirement of Members		27									
	,, 5. Dissolution		29									
	,, 6. Liquidation	***	33									
111.	Société en Commandite		38									
VI.	Société Anonyme	***	41									
	Paragraph 1. Formation	***	41									
	,, 2. Shares		49									
	,, 3. Meetings of Shareholders		5 3									
	,, 4. Directors		56									
	,, 5. Supervisors		60									
	,, 6. Accounts of the Association		62									
	,, 7. Bonds	***	65									
	,, 8. Alterations in Articles of Association	***	67									
	,, 9. Dissolution	•••	71									
	,. 10. Liquidation		72									
V.	Société en Commandite par Actions		75									
VI.	Rules for Penalties	***	81									
	Supplementary Provisions	***	84									

PART III

The Regulations of the Arbitration Court of Commerce											
Chapte	r							Page			
I.	General Provisions				***			85			
11.	The Constitution of the Arb	itratio	n Cour	rt of C	ommer	ce		86			
III.	The Appointment of the P	ersonne	el and	the T	enure	of Offi	ces of	its			
	Members			***		***		. 86			
IV.	The Power of the Arbitratio	n Cour	t of C	comme	rce	***	***	88			
V.	The Procedure in Arbitratio	on						90			
VI.	The Discipline of the Perso	nnel						91			
VII.	Supplementary		***					92			
		PART	IV.								
	Detailed Regulations Relating	to the	Admini	stration	of Art	itration	Court				
		of Comn			0		00011				
Chapte		, 00,,,,,	10100					Page			
I.	General Provisions			***	***			93			
II.	The Appointment of Person	nnel of	an A	bitrati	ion Co	urt of	Comm	erce 94			
III.	The Power of the Arbitration	on Con	rt of (omme	erce			97			
IV.	The Remuneration and Dis-	cipline	of the	Perso	nnel			99			
v.	The Procedure in Arbitration	on						102			
V1.	Supplementary							110			
	auppromotion, in the		_								
		PART									
	The Law of	Chambe	rs of	Comme	rce.						
Chapte								Page			
I.	General Provisions				•••			111			
II.	Organization				***			111			
III.	Functions		•••	***				116			
IV.	Election and Term of Office				•••	•••	•••	118			
V.	Meetings		***		•••			119			
VI.	Vocation of Office and Puni				***		•••	120			
VII.	Expenses	•••	***	***				121			
VIII.	Dissolution and Winding up			***		•••		122			
IX.	By-Laws	***	***	***	***			124			

ORDINANCE FOR THE GENERAL REGULATION OF TRADERS

(Promulgated by Ordinance No. 27, on March 2nd 1914)

CHAPTER I. TRADERS

- Art. 1. A trader within the meaning of this Ordinance means any one who is principally engaged in a commercial enterprise. Any business of the following description is called a commercial enterprise.—
 - 1. Buying and selling.
 - 2. Letting or leasing.
 - 3. Manufacturing or improving manufactures.
 - 4. Supplying electricity, gas or water.
 - 5. Publishing.
 - 6. Printing.
 - 7. Banking, money changing or money lending.
 - 8. Trust.
 - 9. Undertaking constructing work or undertaking to supply labourers.
 - 10. Providing buildings for accomodation.
 - 11. Storehouse keeping.
 - 12. Insurance.

- 13. Transporting.
- 14. Undertaking transportation.
- 15. Broker.
- 16. Commission agent.
- 17. Agent.
- Art. 2. Besides those enumerated in section 2 of the last preceding Article, any person, who has any business carried on in the form and way of a commercial enterprise and registered with the competent authorities shall also be considered as a trader.
- Art. 3. The provisions made in this Ordinance relating to registration of the trade name and the commercial enterprise, and to bookkeeping in trade shall not apply to street hawkers, stall keepers, handicraftsmen or other small traders.

CHAPTER II. CAPACITY OF TRADERS

- Art. 4. Any person who is competent independently to enter into contracts with others and undertake obligations may be a trader.
- Art. 5. In case of a person either not having reached twenty years of age, or not having capacity through being a lunatic or imbecile, or a deaf, dumb or blind person or a spendthrift, the statutory representative nominated by the

will of his parents or grand parents or elected by the family shall manage the business for him.

The statutory representative on undertaking the management of the business for the person under incapacity shall apply for registration.

The family council of the person under incapacity may impose restrictions upon the powers of the statutory representative, but such restrictions cannot be set up as a defence against a third party who is ignorant of the fact.

- Art. 6. A person under twenty years of age or a married woman, may with the consent of the statutory representative or her husband, carry on a business independently or take an unlimited responsibility for a commercial association. But a written consent shall be obtained and an application signed by the party himself or herself and the statutory representative or the husband shall be made to the competent authorities for registration.
- Art. 7. In case the person under twenty years of age, or the married woman (as referred to in the last preceding Article) should show incompetency in carrying on the business, the statutory representative or husband may withdraw the consent given or impose restrictions on his or her power. Such withdrawal or restrictions as provided in the last preceding section must be registered with the competent anthorities but such withdrawal or restriction cannot be set up as a defence against a third party who is ignorant of the fact.

CHAPTER III. REGISTRATION OF COMMERCIAL ENTERPRISES

- Art. 8. All the particulars which ought to be registered according to this Ordinance shall be registered by the trader with the competent authorities of the district in which the office of the business is situate.
- Art. 9. The particulars which have been registered by the principal office with the authorities shall, unless otherwise provided by this Ordinance, also be registered by the branch office with the local authorities.
- Art. 10. The particulars already registered shall be published by the authorities concerned.
- Art. 11. When the particulars which ought to be registered have not been registered and published, they cannot be set up as a defence against a third party and even if they have been registered and published, they still cannot be set up as a defence against a third party who for good reasons is in reality ignorant of the fact.
- Art. 12. In case of differences in the puticulars being found between the publication and registration, the latter shall prevail, but before the correction of the publication is made, such particulars cannot be set up as a defence against a third party who is ignorant of the fact.
- Art. 13. In case of any change or annulment of the particulars, which have been already registered, an application shall from time to time be made to the authorities for registration.

- Art. 14. In case the commercial enterprise has been licensed or specially licensed, the application for registration shall be dealt with in accordance with the special regulations.
- Art. 15. The "modus operandi" of the registration office shall be provided separate regulations.

CHAPTER IV. THE TRADE NAME

- Art. 16. A trader may use his own name or any characters for the trade name.
- Art. 17. The trade name of a commercial association shall be expressly distinguished according to the nature of its business, such as société en nom collectif, société en commandite, société anonyme; or Société en commandite par actions.
- Art. 18. If the business concern is not a commercial association, the words commercial association or similar terms shall not be used in its trade name. The above rule shall also be applicible to the case of a concern which has taken over the business of a commercial association but has not continued the business as a commercial association.

A violation of the above provision is punishable with a fine between \$5 and \$50.

Art. 19. In the same city, town, or village, where a certain trade name has been registered for one business no

similar trade name shall be registered for another business of the same nature.

When a branch office is established in a city, town, or village where a certain trade name has been registered by another firm whose business and trade name are similar to its own, additional characters shall be added to its name in order to make a distinction.

Art. 20. In case a trader who has already registered his trade name finds that others have made use of the same or a similar trade name in order to have an improper competition with him, he may apply for an injunction and also claim damages.

Whenever a trade name which has been previously registered by others for the name kind of business in the same city, town, or village, is used, this shall be presumed to be improper competition.

- Art. 21. In case of a transfer of the trade name, no defence can be set up against a third party, if such transfer has not been registered.
- Art. 22. In case of a transfer of both the trade name and the business, the transferer shall not within the period of ten years start a business of the same nature in the same city, town, or village when no special agreement has been made between the parties concerned.

In case a special agreement prohibiting the transferer from starting a similar business is made, the place defined shall be limited to the "hsien" district, and the term for such prohibition shall not exceed twenty years, otherwise the agreement shall be null and void.

- Art. 23. In case a trader only transfers his business the provisions of the last preceding Article relating to business competition shall be applied.
- Art. 24. In case of any change or annulment of the trade name which has already been registered, an application shall from time to time be made to the competent authorities for registration.
- Art. 25. If no application has been made for a change or annulment of the trade name by the trader who has originally registered the trade name, any party interested may apply to competent authorities for the cancellation of the original registration.

On receipt of the above application the authorities shall summon the trader who made the original registration to raise an objection within a fixed period of time, failing which the original registration shall be cancelled.

CHAPTER V. COMMERCIAL ACCOUNT BOOKS

Art. 26. A trader shall provide a book to keep a clear account of his daily transactions and all particulars relating

to the assets and liabilities, but the account of his daily expenditures may be rendered monthly.

A retail trader may in keeping his daily account simply divide it into "Cash" and "Credit".

Art. 27. A trader at the commencement of his business, or a commercial association at the time of the registration of its establishment, and also at the time of closing accounts, shall make an inventory of movables, immovables, debts, and other properties as well as a balance sheet to be kept in a special book.

In preparing the above inventory, the present value of all movables, immovables, debts and other properties shall be stated.

When the present value is higher than the original, the latter shall be stated; when the original value is not clear, an appraised value shall be stated; and all bad debts shall be struck off.

Art. 28. Commercial account books of a trader and all letters and documents relating to business transactions, shall be kept for a period of ten years.

The above period shall be computed from the date of the closing of the books.

CHAPTER VI.

COMMERCIAL EMPLOYEES AND COMMERCIAL APPRENTICES

- Art. 29. Any person assisting the proprietor of a commercial firm to carry on his business shall be called a commercial employee.
- Art. 30. Commercial employees may be divided into the following classes:
 - 1. Managers.
 - 2. Assistants.
 - 3. Labourers.
- Art. 31. A manager is a person appointed by the proprietor of a firm to manage his business.
- Art. 32. A manager shall have the authority to manage for his proprietor all affairs connected with the business whether in litigation or not.
- Art. 33. Any restrictions imposed by the proprietor upon the authority of the manager cannot be set up as a defence against a third party who is ignorant of the fact.
- Art. 34. A manager in signing his name shall attach to his signature the characters "Manager of so-and-so firm".
- Art. 35. The authority of a manager shall not be terminated by the death of the proprietor but this does not apply to the case where the term of the contract of the manager expires.

- Art. 36. A manager shall not privately engage another person to act in his stead.
- Art. 37. On the appointment of a manager and at the termination of his authority the proprietor shall within fifteen days apply to the competent authorities for registration.
- Art. 38. Without the permission of the proprietor, no manager shall do any business either for himself or for others, nor shall he be a member of unlimited liability of a commercial association.

On violation of this Article, the proprietor may, apart from invoking the provisions of Articles 50 and 52, take the business as his own in case the business is done by the manager for himself.

The above right shall be extinguished, if the proprietor does not enforce it one month after the discovery of the fact, or one year after the starting of the busines.

- Art. 39. In addition to the provisions of this Ordinance the legal relationship between the proprietor and the manager shall be defined by contract.
- Art. 40. An assistant is a person appointed by either the proprietor or the manager to carry out a certain commercial transaction.
- Art. 41. An assistant in respect of the transaction entrusted to him has the authority to represent the firm.

- Art. 42. When an assistant transacts the business entrusted to him, he shall, in signing his name, add to his signature the characters "Assistant of so-and-so firm" in order to distinguish himself from the manager.
 - Art. 43. Article 36 and 39 shall apply to an assistant.
- Art. 44. A labourer is a person employed to do certain work in business in accordance with the contract of employment made with the proprietor or manager.
- Art. 45. A labourer has no authority to represent the firm in any commercial transactions. But the proprietor or the manager may expressly appoint him to carry out special transactions.
- Art. 46. When a labourer transacts the business entrusted to him, he shall, in signing his name, add to his signature the characters "Certain person of so-and-so firm" in order to distinguish himself from a manager or an assistant.
- Art. 47. A labourer shall do the work within its scope and if no contract is made, local usage shall prevail.
- Art. 48. The last preceding Article shall apply to the remuneration received by a labourer. mutatis mutandis.
- Art. 49. If the term of the employment of a labourer is not fixed, both parties may be released from the obligations of the contract at the end of the year, provided that a previous notice is given.

- Art. 50. In the following cases a proprietor may at any time be released from the obligations of the contract made between himself and his employee, and the same shall also apply to the contract made between a manager and an assistant or labourer.
 - 1. When an employee has acted contrary to the instructions given him.
 - 2. When an employee has done an improper act.
 - 3. When compelled by unavoidable circumstances.
- Art. 51. In the following cases an employee may at any time be released from the obligations of the contract made between himself and the proprietor and the same shall also apply to the contract made between an assistant or labourer and a manager.
 - 1. When the proprietor has refused to give due remuneration.
 - 2. When the proprieter has himself done an improper act.
 - 3. When compelled by unavoidable circumstances.

Art. 52. The effect of release from the obligations of a contract, as provided in the last preceding three Articles, shall not be retroactive; but if the cause of the release should arise from the fault of one party the other party may claim damages.

- Art. 53. When a contract made between a proprietor and his employee stipulates that after the appointment or employment comes to an end the acts of the latter in business shall still be subject to restrictions, such restrictions may apply only to the kind, place or time of business; but the progress of the business of the employee must not thereby.
- Art. 54. The last preceding Article shall not apply when the termination of the contract by the employee is due to an act done by the proprietor contrary to the contract or to an improper act on his part.
- Art. 55. When the employee and the proprietor expressly agree that any business done or introduced by the former shall be remunerated Article 69 shall apply.
- Art. 56. The terms of any apprenticeship shall be as provided by agreement but the master shall pay attention to the practice of the apprentice so as to enable him to work in the business, and at the same time allow him sufficient time to attend school.
- Art. 57. If the period of apprenticeship is not expressly provided by agreement the regulations of the particular business or the local usage shall apply.
- Art. 58. Before the contract of apprenticeship is made, a period for probation may be fixd, but such period shall not exceed three months.

Art. 59. After the contract of apprenticeship is made, either party may be released from the obligations of the contract in accordance with Article 50, 51 and 52.

CHAPTER VII.

- Art. 60. Persons who are not employees and who often act for or introduce business to a trader within the scope of his business shall be called agents.
- Art. 61. An agent in acting for his principal or in introducing business to him must look after the latter's interest with due care.
- Art. 62. An agent who has made stipulations in connection with any business which he does for or introduces to his principal must notify the latter of the same.
- Art. 63. An agent who has not been expressly authorized by his principal to act for him may only introduce business to him.
- Art. 64. When an agent, who is only authorized to introduce business, has made a contract for the principal, the latter, if he has knowledge of the contract and does not notify the other party of its being void, shall be considered to have adopted the contract by acquiescence.

- Art. 65. An agent who sells goods for his principal shall have the right to receive notice from the other party in regard to the quality, shortage, or the time of delivery, of the goods.
- Art. 66. Without consent from his principal, an agent shall not do either for himself or for others, any business similar to that of his principal, nor shall he be a member of unlimited liability of a commercial association doing similar busines.

On violation of this Article, sections 2 and 3 of Article 38 shall apply.

- Art. 67. The legal relationship between the principal and his agent except as provided in this Ordinance may be fixed by contract.
- Art. 68. The amount of remuneration of an agent, if not specially agreed upon, shall be reckoned in accordance with the amount of business done. If there is any dispute in regard to remuneration arising from the sale of goods which is done or introduced by the agent, the amount shall be reckoned in proportion to the price of the goods that has been paid.
- Art. 69. Should the principal either intentionally or by his own fault stop the business transaction of the agent, the latter may still claim the full amount of remuneration.
- Art. 70. If an agent is appointed to do or introduce business in a place expressly designated, he may claim

remuneration even in respect of business done in such place by the principal himself or by others appointed by him. But this does not apply to the case where there is a special agreement.

No agent may claim reimbursement of expenses incurred by him in the ordinary way of business unless there is a special agreement or local usage to the contrary.

- Art. 71. The remuneration shall be computed and paid quarterly, if the time of payment is not specially fixd by agreement.
- Art. 72. If the duration of the agency has not been fixed in the contract of agency, either the principal or the agent may terminate by giving two months' previous notice.

Apart from termination of the contract of agency according to the terms of the contract, either party may be released from the obligations of the contract in accordance with Articles 50, 51, and 52.

Art. 73. An agent, in respect of any debt due to him from the principal arising solely from transacting business for or introducing business to the latter may detain the latter's goods that are in his possession, but this does not apply where there is a special agreement.

COMMERCIAL ASSOCIATIONS ORDINANCE

(Promulgated by Ordinance No. 52 on January 13th 1914; Revised by Ordinance No. 129 on September 22nd 1914; Enforced on September 1st 1914: See Article 18 of Rules of Enforcement. Revised on May 8th 1923).

CHAPTER I. GENERAL PROVISIONS

Article 1. An association within the meaning of this Ordinance is a body corporate formed for the purpose of carrying on commercial transactions.

Article 2. Associations are divided into four kinds:—

- 1. Société en nom collectif;
- 2. Société en commandite;
- 3. Société anonyme; and
- 4. Société en commandite par actions.

Article 3. All associations are herein recognised as juristic persons.

Article 4. The residence of an association is the place where the principal office of the association is situate.

Article 5. Unless an association has been registered with the competent authorities at the place of its principal office, it may not make preparations to commence business.

Article 6. The existence of an association cannot be set up as a defence against a third party, unless the association has been registered with the competent authorities at the place of its principal office.

Article 7. If an association does not commence business within six months after its registration the competent authorities may dissolve the association *motu proprio* or on the application of a procurator.

The period prescribed in the last preceding Section may be extended on the application of the association, provided that a good cause is shown.

Article 8. If an association acts contrary to law, ordinance, public peace or good customs, the competent authorities may dissolve such association motu proprio or on the application of a procurator.

CHAPTER II. SOCIÉTÉ EN NOM COLLECTIF

PARAGRAPH I. FORMATION

Article 9. Whenever two or more persons form a société en nom collectif, Articles of Association shall be drawn up and signed by the members.

Article 10. The Articles of Association of a société en nom collectif shall contain the following particulars:—

- 1. The trade name;
- 2. The objects of the association;
- 3. The full names and domiciles of the members;
- 4. The situation of the principal office and of each branch office;
- 5. The nature, the value and the basis of the valuation of the contributions of the members.

Article 11. Within fifteen days after the Articles of Association have been signed, the association shall register the following particulars with the competent authorities at the places of its principal and branch offices:—

- 1. The particulars mentioned in subsection 1 to 3 of the last preceding Article;
- 2. The principal and branch offices;
- 3. The date of the formation of the association;
- 4. The period of duration or the causes of dissolution, if such period or causes have been determined;
- 5. The full names of the members who are to represent the association, if such members have been appointed;
- 6. The nature of the contributions of the members and the value of the property contributed.

Article 12. Within fifteen days of the establishment of a branch office such office shall, in accordance with the provisions of the last preceding Article, be registered with the competent authorities, and, within the same period, the establishment of such branch office shall be registered with the competent authorities at the places of the principal office and all other branch offices of the association.

If a branch office is established within the same jurisdiction as the principal or another branch office, it is sufficient to register the mere fact of establishment of such branch office.

Article 13. Within fifteen days the removal of the principal office or any branch office, registration shall be made, in accordance with the provisions of Article 11, with the competent authorities at the place to which such office is removed, and the fact of removal shall be registered with the competent authorities at the former place of business.

If the principal or branch office is removed from one place to another within the same jurisdiction, only the fact of removal need be registered.

Article 14. Within fifteen days of any alteration in the registered particulars, such alteration shall be registered with the competent authorities at the places of the principal and branch offices of the association.

PARAGRAPH II. INTERNAL ORGANIZATION

Article 15. Except as provided by this Ordinance the Articles of Association may regulate the rights and duties of its members, in relation to the association.

Article 16. If a member assigns debts to the association as his contribution and the debtor makes default when their fall due such member is responsible for their payment.

In such case the member is liable for interest and also for any damages that may be incurred.

Article 17. Profit and loss of an association shall be divided among its members in proportion to the amount of capital each has contributed, provided that no fixed ratio has been agreed to.

If a fixed ratio has been agreed to for the distribution either of profits or of losses, such ratio shall apply in both cases.

Article 18. Every member has the right to administer the business and is responsible therefor, whether his contribution of capital is large or small, unless a special provision in the Articles of Association provides that the business of the association shall be under the direction of some particular member or members.

Article 19. When the business of the association is administered either by all or only by certain members, all questions of administration shall be decided by a majority.

The ordinary business of an association may be administered by any of its membes appointed for that purpose; in case any objection is made by any other of such members the matter shall be postponed until a decision is arrived at by such members.

Article 20. The appointment or dismissal of the manager shall be decided by a majority of all the members of the association, even when only certain members have been appointed to administer its business.

Article 21. Without the consent of all the members no alteration can be made in the Articles of association nor can anything be done which is not within the scope of the objects of the association.

Article 22. Every member is entitled at any time to make enquiries about the business conditions of the association and to inspect its books, correspondence, and goods, even though he is not entitled to take part in the administration of the business.

Article 23. Except by special agreement, no member who administers the business of the association can demand remuneration for services rendered.

Article 24. A member who in the administration of the business of the association pays any money out of his own pocket to meet urgent and necessary expenses may demand from the association repayment of the same with interest from the date of such payment. If a debt is incurred by a member on behalf of the association, he may demand that the association shall give adequate security for the same, notwithstanding that such debt is not yet due.

A member who in the course of administering the business of the association incurs any loss through no fault of his own may apply to the association for indemnifica-

Article 25. When in accordance with the Articles of Association the administration of business has been placed under the direction of some particular member or members; such member or members shall neither be allowed nor be compelled to resign without a good cause.

If there is a good cause for compelling a member, who is administering the business of the association, to resign, the consent of all members must be obtained for such compelled resignation, except when the Articles of Association provide that such matters shall be decided by a majority of the members.

Article 26. Any member who administers the business of the association shall act, with due care, according to the provisions of the Articles of Association and the resolutions passed by the members; if he acts contrary thereto and the association thereby sustains a loss, he shall be liable for the loss.

Article 27. If a member having received money on behalf of the association neglects to pay in the same in due course, or applies to his own use money which belongs to the association and should be used for its business, he shall be liable to repay the same with interest either from the date when he ought to have paid in such money, or from the date on which he applies such money; if the

association sustains any loss he shall also be liable for such loss.

A member who administers the business of the association shall make a report on the same when requested.

Article 28. A member, without the consent of the other members, cannot carry on, for the benefit of himself or of any other person, any commercial transactions which are within the scope of the objects of the association, or become an unlimited liability member of any other association pursuing similar objects.

If a member contravenes the provisions of the last preceding Section, the association may by a resolution passed by a majority of the other members, consider the commercial transactions carried on by him for his own benefit as having been done for the association.

If within fifteen days of such transactions being discovered by any member, or if within one year from the date of such transactions, the association fails to exercise the right as referred to in the last preceding Section, such right shall lapse.

Article 29. A member cannot transfer his interest in the association in whole or in part to any other person, without the consent of all the other members.

PARAGRAPH III. EXTERNAL RELATIONS

- Article 30. An association may appoint any member or members as its representative in accordance with the Articles of Association or with the consent of all the other members: if no such representative is appointed every member has the right to represent the association.
- Article 31. A member-representative of an association has the right to do all necessary acts relating to the business of the association whether in or out of court.
- Article 32. Any restriction of authority to represent, imposed by the Articles of Association or with the consent of the members, cannot be set up against a third party without knowledge of such restriction.
- Article 33. If a member-representative or the manager in the course of discharging his duties causes damage to another person, the association shall be responsible for such damage, unless such damage was caused through the negligence of such member-representative or manager.
- Article 34. If a member-representative of an association makes a sale, contracts a debt, or enters into any other juristic act with the association either on his own behalf or on behalf of some other person, he cannot at the same time legally represent the association: the same rule shall not apply when the acts of such member-representative are the performance of obligations to the association.

Article 35. If the assets of an association are insufficient to meet its liabilities all members are jointly liable for the deficiency.

Article 36. A member admitted to an association after its formation is responsible with the other members for all debts incurred before his admission.

Article 37. Any person who is not a member of an association causes by his conduct another person to believe honestly that he is, be liable to such person as if he were actually a member of such association.

Article 38. Reduction in the contributions of the members cannot be set up as a defence against the creditors of the association, but if, within two years of the registration of such reduction with the competent authorities at the places of the principal and branch offices of the association, no objections are filed by the creditors, the same shall not apply.

Article 39. An association shall not distribute its profits unless there is a surplus after the losses of previous years have been made up.

When profits are distributed in contravention of the provision of the last preceding Section the creditors of Association may demand that they be refunded.

Article 40. Debtors of an association cannot set off debts due to them from members of the association against debts due from them to the association.

Article 41. A member cannot demand his share of the property of the association except after his retirement from membership or after the dissolution of the association.

PARAGRAPH IV. RETIREMENT OF MEMBERS

Article 42. When the Articles of Association have not fixed the duration of the association or have fixed it by the life of a certain member, any member may retire from membership whenever the accounts of the association are balanced, provided that six months' notice of such retirement has been given. In case of necessity any member may at any time ask for permission to retire from membership, whether the duration of the association has been fixed or not.

Article 43. In addition to the provisions of the last preceding Article a member retires in any of the following cases:—

- 1. Fulfilment of a condition provided for retirement;
- 2. Consent of the other members;
- 3. Death;
- 4. Bankruptcy;
- 5. Insanity;
- 6. Expulsion.

Article 44. A member may be expelled with the consent of all the other members only in the following cases.

Such expulsion cannot be set up as a defence against the expelled member unless previous notice has been given him:—

- 1. When a member is unable to meet a call on subscribed shares or neglects to do so after repeated applications;
- 2. When there is any contravention of the provisions of Article 28 section I;
- 3. When a member in the course of administrating the business of the association, or acting as its representative, does any improper act;
- 4. When a non-administrative member interferes with the administration of the business of the association, or uses its name, seal, money, or goods, without authority;
- 5. When a member fails to perform any important duty due to the association.

Article 45. Where the full name or surname of any member is used in the trade name of the association, such member may demand the discontinuance of such use when he retires from membership.

Articles 46. The interests of any retiring member shall be calculated and repaid according to the market value of the property of the association at the time, and such repayment may be made in coin without regard to the nature of the original contribution.

If on the retirement of a member there are unfinished matters in which the association is concerned, his share in the profit or loss of the association shall, after the completion of such unfinished matters be calculated and apportioned in the same way as on previous occasions. All affairs of the association connected with a retired member may be completed by the other members of the association in such ways as they would consider most beneficial in the development of their own businesses.

Article 47. On the retirement of a member whose sole contribution is personal service or personal credit, the provisions of the last preceding Article shall also apply unless the Articles of Association provide otherwise.

Article 48. A member who retires must register his retirement with the competent authorities at the place of the principal office of the association, and is jointly responsible with the other members for all debts of the association incurred before such registration. This responsibility shall continue for two years after the registration.

The same rule shall apply when a member with the consent of the other members transfers his interests in the association to another person.

PARAGRAPH V. DISSOLUTION

Article 49. An association shall be dissolved in any of the following circumstances:—

- The expiration of the period fixed for the duration of the association, or any other cause mentioned in the Articles of Association;
- 2. The completion of the purpose for which the association was formed or the impossibility of such completion;
- 3. The consent of all the members to a dissolution;
- 4. The survival of only one member in the association;
- Amalgamation with or absorption in another association;
- 6. Bankruptcy;
- 7. An order for dissolution from the competent authorities.

Article 50. An association which has been dissolved in accordance with the provisions of subsection I of the last preceding Article may be continued with the consent of all or two or more members, and in such case the dissenting members are considered to have retired.

Article 51. When an association has been dissolved for any other reason than bankruptcy, amalgamation, or absorption, its dissolution shall be registered within fifteen days with the competent authorities at the places of the principal and branch offices of the association.

Article 52. An association, with the unanimous consent of its members, may be amalgamated with or absorbed by some other association.

Article 53. Within fifteen days of the passing of a resolution authorizing amalgamation or absorption, the association shall make an inventory and prepare a balance sheet.

Within fifteen days after the date of such resolution the association must give notice respectively and public notice to all creditors of the particulars of the proposed amalgamation or absorption, and at the same time fix the period within which creditors may raise objections to such arrangements; such period shall not be less than three months.

Article 54. An amalgamation or absorption cannot take place until after the expiration of the period fixed in accordance with the last preceding Article and until all debts are paid, or adequate security furnished, to those creditors who have raised objections within such period.

Article 55. An amalgamation or absorption cannot be set up as a defence against any creditor when notice has not been given in accordance with law, or when objections raised by creditors have been disregarded.

Article 56. Within fifteen days after amalgamation or absorption, the conditions created thereby shall be registered with the competent authorities at the places of the principal and branch offices of the association, in accordance with the following:—

- 1. The association which continues to exist after absorption shall register itself in accordance with the rules relating to alterations.
- 2. The association which has ceased to exist in consequence of the amalgamation or absorption shall register itself in accordance with the rules relating to dissolutions.
- 3. The association which comes into existence in consequence of the amalgamation shall register itself in accordance with the rules relating to formations.

Article 57. The rights and obligations of an association which ceases to exist through amalgamation or absorption shall be inherited by the association which continues to exist after such absorption, or which comes into existence in consequence of such amalgamation.

Article 58. In case of necessity any member may make an application to the competent authorities for a dissolution of the association.

In such case if any particular member is responsible for the circumstance the said Authorities on the application of any other member may instead of dissolving the association expel by judgment the member who has caused damage to it.

The interests of such expelled member in the association shall be calculated and repaid according to the market value of the property of the association at the time when the action was brought.

PARAGRAPH VI.

Article 59. For any purpose connected with a liquidation an association is deemed to continue in existence after its dissolution.

Article 60. On a dissolution of an association all the members shall take part in the liquidation unless some particular members or other persons have been appointed liquidators by a majority of the members.

Article 61. Within fifteen days of the dissolution of an association all accounts shall be made up, and an inventory and a balance sheet prepared, when the members have decided as to the disposal of the assets of the association. The provisions of Article 53 section 2. Article 54 and Article 55 shall apply to all matters affecting the creditors of the association.

Article 62. On the death of a member of an association which has been dissolved, his heir shall take his place in the liquidation proceedings; if there are several heirs only one may act.

Article 63. When an association is dissolved under the provisions of subsection 4 or 7 of Article 49, liquidators

may be appointed by the competent authorities on the application of any person interested or of a procurator.

Article 64. Liquidators who have been appointed by the members may be dismissed at any time by a resolution passed by a majority of the members.

In case of necessity liquidators may be dismissed by the competent authorities on the application of any person interested or of a procurator.

Article 65. Within fifteen days of their appointment liquidators shall register their full names and domicile with the competent authorities at the places of the principal and branch offices of the association. Any dismissal or change of liquidators shall also be registered with the said Authorities within fifteen days after such dismissal or change.

Public notice of the appointment or dismissal of liquidators shall be given by the competent authorities, in case such liquidators are appointed or dismissed by the said authorities.

Article 66. The functions of liquidators are as follows:-

- 1. To wind up existing business;
- 2. To collect and pay debts;
- 3. To distribute the surplus if any.

Liquidators shall have authority to do all acts in or out of court necessary for the discharge of all the above mentioned functions. Article 67. When there are several liquidators, all matters connected with the liquidation shall be decided by the majority, but as regards third parties, every liquidator may represent the association.

Article 68. Restrictions in the authority of a liquidator to represent cannot be set up as a defence against a third party without knowledge of such restrictions.

Article 69. Liquidators as soon as they assume office shall make an investigation of the property of the association, prepare an inventory and a balance sheet, and submit the same to every member for consideration.

Liquidators shall, on inquiry by any member of the association which has been dissolved, make a true report in regard to the progress of the liquidation.

Article 70. Liquidators, though they are appointed by the court, must nevertheless discharge their functions in accordance with any resolution that may be passed by the members of the association and other interested persons at a joint meeting.

Article 71. Within two months of assuming office liquidators must give at least three successive public notices to the creditors of the association notifying them the period within which they must submit their claims, and that any claim that is not submitted within that period shall be repudiated; provided that the period limited for making such claims shall not be less than three months.

Prior to the expiration of such period liquidators cannot apply the assets of the association in payment of any part of its debts.

Creditors who are known to the liquidators must be respectively notified, and their debts cannot be repudiated. Creditors who submit claims after the expiration of such period may demand the payment of their debts from undistributed assets of the association.

Article 72. When the assets of the association are insufficient to meet its liabilities the liquidators may require the members to make contributions.

When the members are unable to make contributions the liquidators must apply for a declaration of bankruptcy; the office of a liquidator ends as soon as he has handed over his business to the Official Receiving.

Article 73. Until all debts have been paid liquidators cannot distribute the assets of the association among its member.

Article 74. The ultimate residue shall be divided among the members of the association in proportion to the contribution made by each.

Article 75. As soon as a liquidation is completed the liquidators shall prepare a statement of account and submit it to every member of the association for inspection. When

within one month the members make no objection, such statement of account shall be considered to have been approved, unless the liquidators have acted dishonestly.

Article 76. The liquidators shall register the completion of a liquidation with the competent authorities at the places of the principal and branch offices of the association as soon as it is completed.

Article 77. The accounts of the association, correspondence, and any other documents connected with its business or liquidation shall be preserved for ten years after the completion of the liquidation has been registered.

The custodian of these accounts and documents shall be appointed by a majority of the members; when the members cannot agree the case shall be decided by the competent authorities. All accounts, correspondence, and any other documents relating to the business transactions of the association shall be open to inspection by all interested persons.

Article 78. When the formation of an association has for some reason been refused or rescinded, liquidation shall take place as in the case of dissolution. The liquidators in such case shall be appointed by the competent authorities, on the application of any person interested, or of a procurator.

Article 79. The joint liability of the members of an association shall terminate within five years after the

registration of the dissolution of such association, unless any other law has provided that such liability shall be terminated with a period shorter than five years.

When any assets of an association which has been dissolved have been left undistributed after the lapse of five years from the registration of its dissolution, creditors may still demand the payment of their debts from such assets

CHAPTER III. SOCIÉTÉ EN COMMANDITE

Article 80. A société en commandite is composed of members of limited and unlimited liability. Members of limited liability shall be responsible to the association only to the amount of their subscriptions.

Article 81. The provisions of the last preceding Chapter are applicable to a société en commandite in cases relating to members of unlimited liability, unless special provisions have been made in this Chapter.

Article 82. The Articles of Association of a société en commandite shall contain all the particulars mentioned in Article 10 as well as the liabilities of each member as being limited or unlimited.

Article 83. Within fifteen days after the Articles of Association have been finally drawn up, the association shall register with the competent authorities at the places

of the principal and branch offices all the particulars mentioned in Article 11, and the liabilities of each member as being limited or unlimited.

Article 84. Members of limited liability can contribute only money or other property.

Article 85. In the absence of any provision to the contrary in the Articles of Association every member of unlimited liability has a right to take part in the administration and is responsible therefor.

Article 86. If there are several members of unlimited liability in an association, the administration of its business shall be decided by a majority of such members.

Article 87. The appointment and dismissal of the manager shall be decided by a majority of the members of unlimited liability, notwithstanding that some particular members have been appointed to administer the business of the association.

Article 88. Whenever the accounts of the association are made up members of limited liability may inspect the inventory and the balance sheet of the association, and make an investigation of its business and the state of its property.

In case of necessity the competent authorities may on the application of a member of limited liability allow him to make an investigation of the business of the association and the state of its property at any time. Article 89. A member of limited liability cannot transfer his interest in the association, either in whole or in part, without the consent of all the members of unlimited liability.

Article 90. A member of limited liability may, on behalf either of himself or of another person, carry on business similar to that of the association, or become an unlimited liability member of some other association doing similar business.

Article 91. Except when representatives are appointed by the Articles of Association or with the consent of all the members, every member of unlimited liability may represent the association.

Article 92. A member of limited liability can neither administer the business of the association nor represent it.

Article 93. If a member of limited liability acts in such a manner as to induce others to believe that he is a member of unlimited liability, he is responsible as a member of unlimited liability to any third party who had no knowledge of the actual facts.

Article 94. The insanity of a member of limited liability is not a cause for his retirement. On the death of a member of limited liability his heir succeeds him as a member.

Article 95. A société en commandite shall be dissolved when all the members of unlimited liability, or all the

members of limited liability, retire in the latter case the association may be changed into a société en nom collectif with the consent of all the members of unlimited liability.

Article 96. Whenever a société en commandite is changed into a Société en nom collectif, the dissolution of the société en commandite and the formation of the société en nom collectif shall be registered within fifteen days from the dissolution of the société en commandite with the competent authorities at the places of the principal and branch offices of such association.

CHAPTER IV. SOCIÉTÉ ANONYME

PARAGRAPH I.

Article 97. There must be at least seven promoters for the formation of a société anonyme.

Article 98. The promoters must draw up and sign the Articles of Association containing the following particulars:—

- 1. The trade name;
- 2. The objects of the association;
- 3. The amount of the capital and the amount of each share;

- 4. The situation of the principal and of each branch office;
- 5. The manner in which the association issues its public notices;
- 6. The number of shares necessary to quality for a directorship;
- 7. The full names and domiciles of the promoters.

When the particulars enumerated in Nos. 4--6 of the last preceding Section have not been set forth in the Articles of Association, they may be amended at the preliminary meeting of the shareholders or at a general meeting.

Article 99. The following particulars, unless they are set forth in the Articles of Association, shall be null and void:—

- 1. The period of duration of the association and the causes of its dissolution;
- 2. The issue of shares above par;
- 3. The special benefits to be given to promoters and the full names of such promoters:
- 4. The full names of the persons, if any, who contribute property other than money, for the shares they subscribe the nature and value of such property, and the number of shares to be issued to them

5. The expenses of the formation which have to be paid by the association and remuneration to be given to the promoters.

Article 100. The association begins to exist from the time when the whole of its shares have been subscribed by the promoters.

Article 101. As soon as all the shares have been subscribed by the promoters, each of them must pay at least one-fourth of his subscription, and directors and supervisors be appointed. Such appointments are decided by the majority of the votes of the promoters.

Article 102. As soon as the directors have appointed they must request the competent authorities to appoint inspectors to ascertain if the first payment on shares has been made and if the particulars mentioned in subsections 3-5 of Article 97 are fair and accurate.

Article 103. The competent authorities shall, on the report of the inspectors, consider all matters relating to promoters' special benefits and remuneration and the expenses connected with the formation of the association. If they find any of these unfair or inaccurate they reduce them.

In case any contribution has been made in property other than money and such property has been overestimated, the competent authorities may either reduce the number of shares alloted to the subscriber who made such contribution, or order him to make up the amount required; the subscriber may in such case pay his subscription in money and take back the property he has contributed.

Article 104. In case the promoters do not subscribe the whole of the shares, all unubscribed shares must be offered to the public and be subscribed before the association begins to exist.

Article 105. The promoters must prepare certificates of subscription with counterfoils; if any person desires to subscribe for shares he must designate therein the number of shares to be subscribed; such certificates and counterfoils must contain the following particulars:—

- 1. The date on which the Articles of Association were drawn up;
- 2. The particulars enumerated in Articles 98 and 99;
- 3. The number of shares subscribed by each promoter;
- 4. The amount of the first payment.

If the shares are issued above par the subscriber must state on the certificate of subscription the amount he will pay for the shares.

Article 106. A subscriber must pay according to the number of shares subscribed.

Article 107. Shares shall not be issued below par and the first payment shall not be less than one-fourth of the face value of the shares.

Article 108. As soon as the shares are subscribed the promoters shall call for the first payment.

If shares are issued above par the excess shall be paid with the first payment.

Article 109. If any subscriber fails to make the first payment within a reasonable period, the promoters must notify him that he must pay within a definite time, and that in default he will lose his right as a subscriber; such period shall not be less than one month.

If a subscriber after he has been as above notified still fails to make the payment within the time stated he loses his rights. In such case the promoters may again invite subscriptions for the shares subscribed by such defaulter. If the default as mentioned in this and the last preceding Sections causes damage to the association, the promoters may claim damages from such defaulter.

Article 110. The promoters shall convene the preliminary meeting of shareholders as soon as all subscribers have made their first payment.

Article 111. The provisions of Article 145 sections 1-3, Article 147 section 1 and 3, and Article 150 section 1 and 2 shall be applicable to summon preliminary meeting of shareholders and to any resolution passed at such meeting.

At the preliminary meeting of shareholders all resolutions shall be passed by a majority of the votes of the subscribers present, and such subscribers must represent more than one-half of the total amount of shares and number more than one-half of all the subscribers.

Article 112. The promoters shall report to the preliminary meeting of shareholders on all matters in regard to the formation of the association.

Article 113. At the preliminary meeting of shareholders, directors and supervisors shall be appointed.

Article 114. The directors and supervisors shall make an investigation of the following matters and report to the preliminary meeting of shareholders:—

- 1. Whether the whole numbers of shares has been subscribed;
- 2. Whether the first payment on each share has been made;
- 3. Whether the particulars mentioned in subsections 3-5 of Article 99 are fair and accurate.

If the directors and the supervisors are appointed from among the promoters, the preliminary meeting of shareholders may independently appoint inspectors to make such investigation and such report as above mentioned.

Article 115. In case the special benefits and remuneration to be given to promoters or the expenses of the formation of the association are deemed unreasonable or excessive, they may be reduced at the preliminary meeting of shareholders. The preliminary meeting of shareholders may also reduce the number of shares allotted to any subscriber, or order him to make up the amount required, if such subscriber has made his contribution in property other than money and such property has been overestimated; but the subscriber may pay his contribution in money and take back the property contributed.

Article 116. In case some shares have not been subscribed, or the first payment has not been made by any subscriber, the promoters shall be jointly liable for subscription or payment. The same applies where the subscription has been rescinded.

Article 117. If the association still suffers any damage in spite of the application of the provisions of the last two preceding Articles, the promoters shall be liable for such damage.

Article 118. The preliminary meeting of shareholders may by resolutions alter the Articles of Association or abandon the formation of the association.

Article 119. When the promoters have not subscribed the whole of the shares, the association begins to exist at the end of the preliminary meeting of shareholders.

Article 120. If the first payment is not fully made within one year after all the shares have been subscribed, or if the promoters fail to convenue the preliminary meeting of shareholders within six months of such payment,

subscribers may rescind their subscriptions and demand that the money paid be refunded.

Article 121. Within fifteen days after the association has come into existence the promoters shall register the following particulars with the competent authorities at the places of its principal and branch offices:—

- 1. The particulars mentioned in subsection 1-3 and 5 of Article 98;
- 2. The situation of the principal and of each branch office;
 - 3. The date of formation;
 - 4. The amount paid on each share;
 - 5. The full mames and domiciles of the directors and supervisors;
 - 6. The period of duration or the causes of dissolution, if such period or causes have been determined;
 - 7. The rate of interest, if it has been stipulated that any interest shall be paid before the commencement of business.

Article 122. The provisions of Articles 12, 13, and 14 shall be applicable, when any new branch office has been established, or the principal or any branch office removed, after the association has come into existence or when any particulars registered on its formation have been altered.

Article 123 After the formation of the association has been registered with the competent authorities, no subscriber shall be allowed to cancel his subscription on the ground of fraud or duress.

PARAGRAPH II.

SHARES

Article 124. The capital of a société anonyme shall be divided into shares; the amount of each share shall be the same, and it shall not be less than 20 yuan unless the whole amount is to be paid in at once, in which case the amount of each share may be limited to 5 yuan.

Article 125. A société anonyme may issue preference shares in accordance with the Articles of Association.

Article 126. The liability of a shareholder is limited to the amount of shares subscribed by or transferred to him.

The payment on shares shall be made in money and cannot be commuted by any debt assigned to the association.

Article 127. If one share is jointly owned by several persons, the owners shall appoint one person to exercise the rights of a shareholder.

Joint owners of shares are jointly liable to the association for the payment due thereon. Article 128. No share-certificate shall be allowed to issue unless the formation of the association has been registered.

Share-certificates issued in contravention of the last preceding Section are null and void, but the persons who receive such certificates may claim damages from those who issue them.

Article 129. A share-certificate shall bear a serial number, be signed by the directors, and contain the following particulars:—

- 1. The trade name of the association;
- 2. The date of the registration of the formation of the association;
- 3. The amount of the capital and the amount of each share;
- 4. The amount of the preference share and the rights appertaining thereto, if preference shares have been issued;
- 5. The respective payments to be made on each share, if the shares are not to be paid up all at once.

Article 130. In the absence of any provision in the Articles of Association to the contrary, shares can be transferred without the consent of the association; no transfer or promise to transfer can be made before the registration of the formation of the association.

Article 131. Unless the full name and domicile of the transferee have been entered in the register of shareholders and his name recorded on the share-certificate, no transfer of a personal share can be set up as a defence against the association or against any third party.

Article 132. A société anonyme shall not buy its own shares or accept them as security. Any share which is in the possession of the association because the holder has lost his rights or has surrendered it in payment of his debts, shall, on a day appointed, be sold to the public.

Article 133. Shares cannot be cancelled except on account of the reduction of capital.

Article 134. One month's notice must be given to each shareholder prior to a call on shares.

If on the date fixed any shareholder fail to meet the call, the association may notify him that he will have to pay within a definite period, which shall not be less than one month, and that in default he will lose his rights as a shareholder.

Article 135. If a shareholder delays payment he is liable for interest from the day on which the call became due and the association may also demand a penalty from him if the Articles of Association have provided for the same.

Article 136. If, after the association has taken all steps necessary in accordance with the provisions of Article 134, a shareholder still defaults, he loses his rights as a shareholder.

Article 137. If the shares of the shareholder who has lost his rights has been the subject of several transfers, the association may make a call on each transferer who has been registered in the register of shareholders to pay within the period of one month.

The transferer who first makes the payment on the call acquires the shares; if such transferer or transferers fail to meet the call, the association shall sell the shares by auction.

If the auction results in a deficit, the association retains the right to demand that the original shareholder or any transferer shall make up the deficiency.

Article 138. After the lapse of two years from the date of the entry of the transfer on the register of shareholders a transferer of shares is exempted from any liability mentioned in the last preceding Article.

Article 139. A shareholder cannot demand that bearer share certificates shall be issued unless the shares are fully paid up.

A bearer share certificate may at any time on the demand of the shareholder be exchanged for a personal one.

Article 136. If, after the association has taken all steps necessary in accordance with the provisions of Article 134, a shareholder still defaults, he loses his rights as a shareholder.

Article 137. If the shares of the shareholder who has lost his rights has been the subject of several transfers, the association may make a call on each transferer who has been registered in the register of shareholders to pay within the period of one month.

The transferer who first makes the payment on the call acquires the shares; if such transferer or transferers fail to meet the call, the association shall sell the shares by auction.

If the auction results in a deficit, the association retains the right to demand that the original shareholder or any transferer shall make up the deficiency.

Article 138. After the lapse of two years from the date of the entry of the transfer on the register of shareholders a transferer of shares is exempted from any liability mentioned in the last preceding Article.

Article 139. A shareholder cannot demand that bearer share certificates shall be issued unless the shares are fully paid up.

A bearer share certificate may at any time on the demand of the shareholder be exchanged for a personal one.

Article 140. The shares held by shareholders shall be numbered in consecutive order in the register of shareholders, and the following particulars shall be recorded:—

- 1. The number of shares held by each shareholder and the serial numbers of each share;
- 2. The full name and domicile of each shareholder;
- 3. The amount paid on each share and the date of payment;
- 4. The date on which the shareholder acquires the shares.

In case of bearer share certificates being issued the total number of such certificates, their serial numbers, and the dates on which they were issued shall be entered in the register of shareholders. In case preference shares being issued each of such shares must bear the word "Preference" under the number on such share.

PARAGRAPH III. MEETINGS OF SHAREHOLDERS

Article 141. An ordinary meeting of shareholders shall, within a definite period after the accounts of the association have been balanced, be convened at least once in every year.

Article 142. Extraordinary meetings may be convened, when necessary, in addition to such ordinary meeting.

Article 143. All meetings of shareholders shall be convened by the directors unless this Ordinance or the Articles of Association provide otherwise.

Article 144. Resolutions at any meeting shall be passed by a majority of the votes of the shareholders present, unless this Ordinance or the Articles of Association provide otherwise.

Article 145. One vote shall be cast for each share, excepting when any one shareholder holds more than eleven shares, in which case the number of the votes to which such shareholder is entitled may be limited by the Articles of Association.

In case of a shareholder voting by proxy, the holder of such proxy must submit his credentials to the association.

A shareholder who has a particular interest in any resolution that is before a meeting of shareholders cannot vote either on his own behalf or on behalf of another.

Holders of bearer share certificates cannot vote unless their certificates have been deposited with the association at least five days before the date of the meeting.

Article 146. An extraordinary meeting of shareholders may be convened by the directors on a written application setting forth the reason for such meeting and its purpose by shareholders representing not less than one-twentieth of its capital.

If within fifteen days after such application the directors fail to convene the meeting, the shareholders who filed the application may themselves convene such meeting, with the consent of the competent authorities.

Article 147. One month's notice of any meeting of shareholders must be given to all shareholders. In case of bearer share certificates being issued, a public notice of any meeting of shareholders must be given forty days before the date of such meeting.

On the occurrence of urgent affairs, fifteen days' notice of any extraordinary meeting of share holders shall be given to all shareholders. In case of bearer share certificates being issued, a public notice of any meeting of shareholders shall be given twenty days before the date of such meeting.

The purpose of the meeting and the matters to be discussed thereat shall be expressly stated in such notices.

Article 148. All resolutions passed at a meeting of shareholders shall be entered on the minutes, which shall be signed by the chairman.

The minutes shall record the date of the meeting, the full name of the chairman, and the manner in which the resolutions were passed, and shall be accompanied with a list of the names of all shareholders present at the meeting.

Article 149. The purpose of an ordinary meeting is to inspect any documents submitted by the directors, to

consider the report of the supervisors, and to pass resolutions concerning the distribution of profits or the payment of interest.

Such meeting may appoint inspectors for the purposes mentioned in the last preceding Section.

Article 150. If a meeting of shareholders is called, or if a resolution is passed, contrary to any law or ordinance or the Articles of Association, any shareholder may apply to the competent authorities, for an order rescinding such resolution. Such application must be made within one month after the passing of the resolution.

Article 151. If the application for rescinding a resolution is made by a shareholder other than a director or supervisor, he must deposit his share certificates, and, on the application of the association, he shall be required to furnish adequate security.

PARAGRAPH IV. DIRECTORS

Article 152. Directors are appointed from among the shareholders at a meeting of shareholders.

Article 153. As soon as the directors assume office they shall deposit with the supervisors the number of certificates required by the Articles of Association as a qualification for directorship.

Article 154. The remuneration to be given to the directors, if not fixed by the Articles of Association, shall be fixed at a meeting of shareholders.

Article 155. The tenure of the office of a director shall not exceed three years, but he may be reappointed at the expiration of the term.

Article 156. A director may for a good cause be dismissed at any time by a resolution passed at a meeting of shareholders. In case he is dismissed without a good cause he may claim damages, and if he retires without a good cause thereby disadvantaging the association he is liable for damages.

Article 157. Unless the Articles of Association provide otherwise, the administration of the business of the association shall be decided by a majority of the directors; the same shall apply to the appointment and dismissal of the manager.

Article 158. Every director may represent the association.

The provisions of Articles 28, 31, 32 and 33 are applicable to directors.

Article 159. The directors shall keep at the principal office and at each branch office copies of the Articles of Association and of the minutes of the meetings of shareholders, and at the principal office the register of shareholders and the register of bonds.

Any shareholder or creditor of the association may in accordance with Article 22 inspect the books and documents enumerated in the last preceding Section.

Article 160. The register of the bonds of the association shall contain the following particulars:—

- 1. The full names and domiciles of the bondholders;
- 2. The serial number of each bond;
- 3. The total amount of the bonds and the amount of each bond;
- 4. The rate of interest carried by the bonds;
- 5. The date and conditions of the repayment of the bonds;
- 6. The date on which the bonds were issued;
- 7. The date on which each bond was acquired;
- 8. If bearer bonds have been issued, their total amount, serial numbers, and the dates on which they were issued.

Article 161. If, at any time one-half of the capital of the association has been lost, the directors must call a meeting of shareholders and made a report to such meeting.

If it is apparent that the assets of the association are insufficient to pay its debts, the directors must immediately apply to the competent authorities for a declaration of bank-ruptcy.

Article 162. A director may, with the consent of the supervisors, enter into commercial transactions with the association either on his own behalf or on behalf of another.

Articles 163. Each director must comply with the Articles of Association and act with care in administering the business of the association.

If he acts contrary to that rule and thereby causes damage to the association he is liable for the damage.

If a director acts contrary to any law or ordinance or the Articles of Association, he is liable for damages to third parties, notwithstanding that his act is done in accordance with any resolution of a meeting of shareholders. The same is not applicable to a director who has raised his objection to such resolution at a meeting of shareholders, or has submitted his opinion on the matter to the supervisors.

Article 161. When a meeting of shareholders decides to bring an action against the directors, or when a meeting disapproves of such action but shareholders representing not less than one-tenth of the capital apply to the supervisors to bring such action, the association shall bring the action within one month after the date on which such resolution was passed, or such application was made.

The shareholders who make such application shall deposit their share certificates until the conclusion of the lawsuit.

Such shareholders shall furnish adequate security on the demand of the supervisors, and be liable to indemnify the association if the action fails.

Article 165. If the association brings an action against its directors or vice versa, the supervisors shall represent the association in such action; but other persons may be appointed at a meeting of shareholders to represent it.

When shareholders representing not less than one-tenth of the capital bring an action against the directors, they may appoint a special representative.

PARAGRAPH V. SUPERVISORS

Article 166. Supervisors are appointed from among the shareholders at a meeting of shareholders.

Article 167. The remuneration to be given to supervisors, if not fixed by the Articles of Association, shall be fixed at a meeting of shareholders.

Article 168. The tenure of the office of a supervisor shall not exceed one year; but he may be reappointed at the expiration of the term.

Article 169. The provisions of Article 156 are applicable to supervisors.

Article 170. The supervisors may at any time require the directors to report on the business conditions of the Association, and they may examine the books and correspondence of the association and the state of its property.

Article 171. The supervisors shall examine the books and documents submitted to the meeting of shareholders by the director, and report thereon to such meeting.

Article 172. The supervisors may convene a special meeting of shareholders whenever they deem it necessary.

The meeting so convened may appoint special inspectors.

Article 173. If there are two or more supervisors every supervisor may exercise his rights of supervision individually.

Article 174. A supervisor cannot act as a director or manager; but when there is a vacancy among the directors and the immediate appointment of a new director is impossible, a supervisor may by agreement with both the directors and the supervisors be appointed to act temporarily as a director.

A supervisor who has discharged his functions as an acting director cannot resume the office of supervisor until his accounts as acting director have been approved by the meeting of shareholders.

The provisions of Article 28 are inapplicable to a supervisor acting as director.

Article 175. When a director has business to transact with the association either on his own behalf or on behalf of another, the supervisors represent the association.

Article 176. Supervisors are liable to indemnify the association or any third party for damage caused by their neglect.

Article 177. When a meeting of shareholders decides to bring an action against the supervisors, or when a meeting disapproves of such action but shareholders representing not less than one-tenth of the capital apply to the directors to bring such action, the association shall bring the action within one month after the date on which such resolution was passed, or such application was made.

In the above mentioned case, the meeting may appoint persons other than the directors to represent the association in the action; when shareholders representing not less than one-tenth of the capital make an application for bringing such action they may appoint a special representative.

The shareholders who make such application shall deposit their certificates and, on demand of the directors, furnish adequate security. If the action fails, such shareholders are liable to indemnify the association for any damage caused thereby.

PARAGRAPH VI. ACCOUNTS OF THE ASSOCIATION

Article 178. The directors shall make and submit the following documents to the supervisors for examination, at

least fifteen days before the date of an ordinary meeting of shareholders:—

- 1. Inventory;
- 2. Balance sheet;
- 3. Report on the business of the association;
- 4. Detailed statement of profit and loss;
- 5. Proposals concerning sinking fund, the distribution of profits, or payment of interest.

Article 179. All the documents submitted by the directors and the report of the supervisors shall be filed at the principal office of the association prior to an ordinary meeting of shareholders. Shareholders and creditors of the association may at any time during business hours demand an inspection of the same.

Article 180. The directors submit all documents to a meeting of shareholders for approval.

Article 181. The directors shall give public notice of the balance sheet after all the above mentioned documents have been passed and approved at a meeting of shareholders.

Article 182. When all the above mentioned documents have been passed and approved at a meeting of shareholders, the directors and supervisors are released from all responsibility, unless it is afterwards discovered that they have acted dishonestly.

Article 183. When profits are to be distributed, the association shall set aside not less than one-twentieth of

such profits as sinking fund. When shares have been issued above par, the excess shall be added to the sinking fund. The sinking fund shall not be increased when it amounts to one-fourth of the capital.

Article 184. Until the above mentioned sums have been added to the sinking fund and all losses made good, neither payment of interest nor distribution of profits can be made by the association.

Article 185. If profits have been distributed contrary to the provisions of the last preceding Articles, the creditors of the association may demand that the profits so distributed be refunded.

Article 186. If the preparations for the commencement of busines cannot be completed within two or more years after the registration of the formation of the association and the competent authorities have consented to it, the association may make provisions in the Articles of Association for the payment of a certain rate of interest to the shareholders before the commencement of the business.

The interest mentioned in the last preceding Section shall not exceed six per cent per annum.

Article 187. Profits must be distributed or interest paid among the shareholders in proportion to the amounts they have paid on their shares in accordance with the provisions of the Articles of Association; the same shall not be applicable to the distribution of profits or payment of

interest among holders of preference shares, for which special provisions have been made in the Articles of Association.

Article 188. Shareholders representing not less than one-tenth of the capital may apply to the competent authorities for the appointment of inspectors to inspect the business of the association and the state of its property.

Article 189. The competent authorities may, on a report from the inspectors, order the supervisors to convene a meeting of shareholders if necessary.

PARAGRAPH VII. BONDS

Article 190. An association cannot invite subscriptions for bonds without a resolution passed according to the provisions of Article 199 section 2.

Article 191. The total amount of the bonds issued shall not exceed the amount which has been paid up on the shares.

If the last balance sheet issued by the association shows that the property of the association is less than the amount paid up on the shares, the total amount of bonds that may be issued cannot exceed the amount of the property.

Article 192. The amount of each bond shall not be less than twenty yuan.

Article 193. If it is stipulated that the amount to be repaid to the bondholders shall exceed the face value of the bonds, the excess to be repaid on each bond shall be uniform.

Article 194. When an association invites subscriptions for bonds public notice shall be given by the directors of the following particulars:—

- 1. The particulars mentioned in Article 160 subsections 4-5;
- 2. The trade name of the association;
- 3. In case of previous issues of bonds, the total amount remaining unpaid;
- 4. The value at which the bonds are to be issued and the lowest market value:
- 5. The capital of the association and the amount of paid up capital;
- 6. The property of the association according to the last balance sheet.

Article 195. When the bonds have all been subscribed, the directors shall require each subscriber to pay his subscription in full.

Within fifteen days after the total amount of the bonds has been paid up the directors shall register with the competent authorities at the places of the principal and branch offices of the association all the particulars mentioned in Article 160 subsections 3-5.

Article 196. A bond must bear a serial number, contain the particulars mentioned in Article 194 subsections 1 and 2, and be signed and sealed by the directors.

Article 197. No transfer of a personal bond can be set up as a defence against the association or any third party, unless the full name and domicile of the transferee have been entered in the register of bonds and his full name written on the bond.

Article 198. The provisions of Article 139 are applicable to bonds.

PARAGRAPH VIII.

ALTERATIONS IN ARTICLES OF ASSOCIATION

Article 199. The Articles of Association can be altered only by a resolution passed at a meeting of shareholders.

Such resolution must be passed by a majority of the votes of the shareholders present, and such shareholders must represent more than one-half of the total number of shares and number more than one-half of all the shareholders.

If the number of shareholders present is not sufficient to form such a quorum, draft resolutions may be passed by a majority of the votes of the shareholders present and notice of the main points of such resolutions shall be given to each shareholder; if bearer certificates have been issued, public notice of the main points of such resolutions shall be given and within the period of one month a second meeting of shareholders shall be convened which meeting shall ratify and reject the draft resolutions by a majority of the votes of the shareholders present.

The provisions of the last two preceding Sections are not applicable to resolutions concerning a change in the nature of the business of the association.

Article 200. The capital of an association shall not be increased before the total amount of the shares has been paid up.

Article 201. Whenever an association increases its capital preference shares may be issued, but the nature of the rights attached to such shares must be set out in the Articles of Association.

Article 202. If a resolution passed at a general meeting of ordinary shareholders is likely to be prejudicial to preferred shareholders, it is necessary to have the resolution also passed at a meeting of preferred shareholders.

The rules relating to the meeting of shareholders are applicable to the meeting of preferred shareholders.

Article 203. Whenever a subscription of new shares is invited, the existing shareholders shall have the priority of right to subscribe for the same, and only those shares which are left unsubscribed shall be offered to the public.

Article 204. In case an association has increased its capital and the first payment has been made on all the new shares, the directors must convene a meeting of shareholders and report regarding the new subscription.

Article 205. The supervisors shall make an investigation of the following particulars and report to the meeting of shareholders:—

- 1. Whether the total amount of new shares has been subscribed;
- 2. Whether the first payment has been made on each new share;
- 3. If property other than money has been contributed, whether the number of shares issued in consideration of such property is fair and reasonable proper.

The meeting of shareholders may appoint special inspectors to make an investigation and to report on the above mentioned items.

Article 206. When there is anything in proper connected with the contribution of property other than money for the subscription of the new shares, the provisions of Article 115 section 2 are applicable.

Article 207. In case some shares have not been subscribed or the first payment has not been made or the subscription has been cancelled, the directors shall be jointly liable for such subscription or payment.

Article 208. Within fifteen days after the date of the meeting of shareholders convened in accordance with the provisions of Article 204, the association shall register the following particulars with the competent authorities at the places of its principal and branch offices:—

- 1. The total amount of the increase in capital;
- 2. The date on which the resolution to increase the capital was passed;
- 3. The amount paid on each new share;
- 4. If preference shares have been issued, the rights of the preferred shareholders.

Before such registration has been made with the competent authorities at the place of the principal office, new share certificates cannot be issued, nor can a transfer of or promise to transfer new shares be made.

Article 209. Such new share certificates shall be signed by the directors and contain the following particulars:—

- 1. The trade name of the association;
- 2. The date on which the increase of capital was registered;
- 3. The total amount of the new shares and the amount of each;
- 4. The serial number of each share, and the rights to which the holders of preferred shares are entitled.

Article 210. The provisions of Articles 106-109, 120, 123, and 128 section 2 are applicable whenever a subscription of new shares is invited.

Article 211. When a resolution authorising a reduction of capital is passed at a meeting of shareholders, the manner of reduction shall be decided at the same time.

Article 212. The provisions of Article 53-55 are applicable whenever the capital is to be reduced.

PARAGRAPH IX. DISSOLUTION

Article 213. A société anonyme shall be dissolved in any of the following circumstances:—

- The expiration of the period fixed for the duration of the association, or any other cause mentioned in the Articles of Association arising;
- 2. The completion of the purpose for which the association was formed or the impossibility of such completion;
- 3. A resolution to dissolve passed at a meeting of shareholders;
- 4. The holders of personal shares numbering less than seven;
- 5. Amalgamation or absorption;

- 6. Bankruptcy of the association;
- 7. An order for dissolution from the competent authorities.

Article 214. When a société anonyme is dissolved the directors must, except in case of bankruptcy, give notice of the dissolution to the shareholders without delay, and if bearer certificates have been issued public notice also must be given.

Article 215. Within fifteen days after the dissolution of a société anonyme, such dissolution must be registered with the competent authorities at the places of its principal and branch offices, unless the cause of dissolution is bankruptcy, amalgamation or absorption.

Article 216. A resolution passed at a meeting of share-holders authorizing the dissolution, amalgamation or absorption of an association must be passed in accordance with the provisions of Article 199 section 2.

Article 217. The provisions of Articles 53-57 are applicable to the dissolution of an association in consequence of amalgamation or absorption.

PARAGRAPH X. LIQUIDATION

Article 218. When the dissolution of an association is not caused by bankruptcy, amalgamation or absorption, the

directors shall become liquidators, unless the Articles of Association provide otherwise, or some other persons are appointed as liquidators at a meeting of shareholders.

If no suitable persons can be appointed as liquidators the competent authorities shall appoint liquidators on the application of any interested person.

Article 219. A liquidator who is not appointed by the competent authorities may be dismissed at any time at a meeting of shareholders.

A liquidator who is appointed by the competent authorities may be dismissed by such authorities on the application of the supervisors or shareholders representing not less than one-tenth of the capital, whenever any matter of importance necessitates such a step.

Article 220. As soon as the liquidators have assumed office they shall examine the state of the property of the association, prepare an inventory and a balance sheet, and submit them to a meeting of shareholders for approval.

At a meeting of shareholders special inspectors may be appointed to ascertain if the above mentioned documents are correct and the liquidators shall give public notice of the balance sheet as soon as all documents have been approved by the meeting.

Article 221. If a meeting of shareholders is convened, or a resolution passed, contrary to any law or ordinance or

the Articles of Association, the liquidators shall apply to the competent authorities for a decree annulling such resolution.

Article 222. The rights and duties of liquidators in regard to everything within the scope of liquidation shall be the same as those of directors unless they have been specially provided for in this Paragraph.

Article 223. The liquidators must notify the creditors to submit their claims within a fixed period; creditors who submit their claims after the expiration of such period may call attention only to, and demand to be paid out of the undistributed assets that are left after the discharge of all other liabilities of the association.

Article 224. The expenses of liquidation shall be the first charge on the assets of the association.

Article 225. The ultimate residue shall be distributed to the shareholders in proportion to the amount each has paid on the shares in accordance with the Articles of Association; the same rule shall not be applicable where the association has issued preference shares and special provisions have been made for such shares.

Article 226. As soon as a liquidation is completed, the liquidators shall make out a statement of account and submit it to a meeting of shareholders for approval.

At a meeting of shareholders special inspectors may be appointed to inspect the above mentioned statement of accounts. The liquidators shall be released from responsibility as soon as their statement of accounts has been approved by a meeting of shareholders, unless it is discovered afterwards that they have acted dishonestly.

Article 227. The books of the association, its business correspondence, and all other documents shall be preserved for ten years after the completion of the liquidation has been registered. The custodian of these books and documents shall be appointed by the competent suthorities on the application of the liquidators or any person interested.

Article 228. If after the completion of the liquidation it is discovered that there still remains property of the association that should have been distributed, the competent authorities on the application of any party interested shall appoint person to reliquidate the association.

Article 229. The provisions of Articles 59, 65, 66, 68, 71, 72 section 2, Articles 76, 78, 146, 147, 150, 151, 163 section 2, Articles 165, 170, and 171 are applicable to the liquidation of a société anonyme.

CHAPTER V. SOCIÉTÉ EN COMMANDITE PAR ACTIONS

Article 230. A société en commandite par actions is composed of one or more members of unlimited liability and shareholders who are liable to pay only the amount of their subscriptions.

Article 231. The provisions for a société en commandite are applicable to a société en commandite par actions in any of the following particulars:—

- 1. The relation between members of unlimited liability and the association;
- 2. The relation between members of unlimited liability and third parties;
- 3. The retirement of members of unlimited liability.

In all other cases, if no special provision has been made in this Chapter, the provisions for a société anonyme are applicable to a société en commandite par actions.

Article 232. For the formation of such association the promotors who ase members of unlimited liability shall draw up and sign the Articles of Association containing the following particulars:—

- 1. The particulars mentioned in subsections 1, 2, 4 and 5 of Article 98.
- 2. The total amount of the shares and the amount of each share;
- 3. The full names and domiciles of the members of unlimited liability;

4. The nature, value, and bases of valuation of the capital contributed by members of unlimited liability in addition to money.

Article 233. The members of unlimited liability shall invite subscriptions for shares.

Article 234. The certificate of subscription shall contain the following particulars:—

- 1. The particulars mentioned in Articles 99, 105 section 2 subsections 1 and 4, and Article 232;
- 2. The number of shares subscribed by each member of unlimited liability.

Article 235. At the preliminary meeting of shareholders supervisors shall be appointed from among the shareholders.

Members of unlimited liability cannot be appointed supervisors notwithstanding that they have subscribed for shares in addition to other contributions.

Article 236. Members of unlimited liability may attend the preliminary or general meetings of shareholders and express their opinions, but they cannot vote at such meetings notwithstanding that they have subscribed for shares in addition to other contributions.

Article 237. The supervisors shall investigate as to whether the shares have been fully subscribed and report to

the preliminary meeting of shareholders the nature and value of the capital contributed by members in addition to money.

Article 238. A société en commandite par actions begins to exist at the conclusion of the preliminary meeting of its shareholders, and within fifteen days after it has come into existence the association shall register with the competent authorities at the places of its principal and branch offices the following particulars:—

- 1. The particulars mentioned in Article 98 subsection 1, 2, 3 and 5, and Article 121 subsections 2, 3, 4, 6 and 7;
- 2. The full name and domicile of each member of unlimited liability;
- 3. The nature and value of the capital which the members of unlimited liability have agreed to contribute in addition to money and the amount of such capital they have actually contributed.
- 4. The full names and domiciles of the members of unlimited liability who are to represent the association, if such representatives have been appointed;
- 5. The full names and domiciles of the supervisors.

Article 239. With the exception of the provisions of Article 152-156 the provisions regarding the directors of a

société anonyme are applicable to those members of unlimited liability who represent the association.

Article 240. Whenever a unanimous agreement of the members is required in the case of a société en commandite, the concurrence of the members of unlimited liability as well as a resolution passed at a meeting of shareholders are necessary in case of a société en commandite par actions.

The provisions of Article 199 section 2 are applicable to the resolution mentioned in the last preceding Section.

Article 241. Any cause for the dissolution of a société en commandite is a cause for the dissolution of a société en commandite par actions.

Article 242. In case all the members of unlimited liability retire the shareholders may by a resolution passed in accordance with the provisions of Article 199 section 2 alter such association into a société anonyme.

In such case all the shareholders shall be passed at a meeting of resolutions necessary for the formation of a société anonyme, and at such a meeting even members of unlimited liability may vote according to the number of shares they have subscribed.

Article 243. When a dissolution occurs from a cause other than amalgamation, absorption, bankruptcy, or an order of the competent authorities, the liquidation shall be carried out by all the members of unlimited liability, or

persons appointed by them jointly with persons appointed at a meeting of shareholders, unless it is otherwise provided in the Articles of Association.

The appointment of liquidators by the members of unlimited liability shall be decided by a majority and the number of liquidators appointed at the meeting of shareholders shall correspond to that of the members of unlimited liability or their successors or the persons appointed by them.

Article 244. The provisions of Article 79 are applicable to the members of unlimited liability.

Article 245. The liquidators shall submit all the documents and accounts mentioned in Article 220 section I and Article 226 for the approval of the members of unlimited liability as well as of a meeting of shareholders.

Article 246. The members of unlimited liability may at any time by a majority dismiss the liquidators they have appointed.

Article 247. The provisions of Article 53 section 2 and Article 54 are applicable to the alteration of the organization of the association, and within fifteen days after such alteration has been approved by the creditors of the association the dissolution of the société en commandite par actions and the formation of the société anonyme shall be registered with the competent authorities at the places of its principal and branch offices.

CHAPTER VI. RULES FOR PENALTIES

Article 248. Any member of association charged with the administration of its business, a promoter, a director, a supervisors, or a liquidator, shall be liable to a fine of not less than five or more than 500 yuan if he:—

- 1. Fails to make registrations within the periods prescribed by this Ordinance;
- 2. Fails to give public or other notice within the periods prescribed by this Ordinance, or makes any false statement in any public notice;
- 3. Fails without reasonable excuse to deliver up any document for inspection or examination if such inspection or examination ought to be granted according to this Ordinance;
- 4. Obstructs any investigation provided for by this Ordinance;
- 5. Makes preparations for the commencement of business contrary to the provisions of Article 5;
- 6. Fails to prepare the certificates of subscriptions, or omits to state any material facts, or inserts any false statement, in such certificates contrary to the provisions of Article 105 section I or Article 234;
- 7. Issues any share certificate contrary to the provisions of Article 128 section I or Article 208 section 2;

- 8. Contrary to the provisions of Article 129, Article 196 or Article 209, omits to state any material facts or inserts false statement in the bonds issued by the société anonyme;
- 9. Fails to have the accounts balanced within the time fixed for the same or at the beginning of a liquidation;
- 10. Fails to file at the principal and branch offices copies of, the Articles of Association, the minutes of the meetings of shareholders, the register of shareholders, the register of bonds, an inventory, a balance-sheet, a report on the state of business, a detailed statement of profit and loss, and proposals concerning of profits, the payment of interest, or the setting apart of the proper proportion of profits as sinking fund, or omits to state any material facts or inserts any false statement in any of the above mentioned books or documents;
- 11. Contrary to the provisions of Article 161 section 1 or of Article 189, fails to convene a meeting of shareholders.

Article 249. Any member of an association charged with the administration of its business or any promoter, director, supervisor or liquidator shall be liable to a fine of not less than 10 yuan or more than 1,000 yuan if he:—

- 1. Omits to state any material facts or makes any false statement before a public authority or at a meeting of shareholders;
- 2. Contrary to the provisions of Articles 53-55, causes the association to be amalgamated with or absorbed by some other association, deals with the property of the association, reduces the capital or alters the organization of the association;
- 3. Obstructs the inspectors in the performance of their duties;
- 4. Buys, or receives as a pledge, any share or shares contrary to the provisions of Article 132, or cancels any share or shares contrary to the provisions of Article 133;
- 5. Issues bearer share certificates contrary to the provisions of Article 139;
- 6. Fails to apply for a declaration of bankruptcy contrary to the provisions of Article 72 section 2 or Article 161 section 2;
- 7. Fails to set aside a part of the profits as sinking fund, contrary to the provisions of Article 183 section 1; distributes any profits contrary to the provisions of Article 184, or, before the business of the association commences, pays any interest contrary to the provisions of Article 186;
- 8. Invites the public to subscribe for bonds contrary to the provisions of Article 191;

- 9. Contrary to the provisions of Article 71, pays any creditor in particular prior to the expiration of the period within which all creditors must submit their claims;
- 10. Distributes the assets of the association contrary to the provisions of Article 73.

SUPPLEMENTARY PROVISIONS

Article 250. All matters concerning traders and commercial transactions shall be regulated by other ordinances.

Article 251. The enforcement of this Ordinance shall be determined by the Rules of Enforcement.

THE REGULATIONS OF THE ARBITRATION COURT OF COMMERCE

Promulgated on January 28th 1913 by the Ministry of Justice and the Ministry of Agriculture and Commerce

CHAPTER I. GENERAL PROVISIONS

- Article 1. An arbitration court of commerce shall be attached to every Chamber of Commerce that is established.
- Article 2. An arbitration court of commerce with respect to any commercial dispute between traders shall stand in the position of an arbitrator with the object of effecting a compromise instead of litigation.
- Article 3. In each arbitration court of commerce there shall be as many court rooms as the president or vice-president of the chamber of commerce shall think necessary having regard to the volume of business to be transacted therein.
- Article 4. Each chamber of commerce shall be responsible for the expenditure of the arbitration court of commerce attached thereto.

CHAPTER II.

THE CONSTITUTION OF THE ARBITRATION COURT OF COMMERCE

Article 5. The personnel of an arbitration court of commerce shall be as follows:—

- 1. The President of the Court;
- 2. Arbitrators;
- 3. Investigators; and
- 4. Registrars.

Article 6. In each arbitration court of commerce there shall be one president, and nine to twenty arbitrators, two to six investigators, and two to six registrars according to the volume of business to be transacted therein.

Article 7. The offices of the president, arbitrators, and investigators of an arbitration court of commerce shall be honorary, but a remuneration of not more than thirty yuan may be paid to each of such persons.

The salaries of registrars shall be paid by their respective courts according to the conditions of the locality.

CHAPTER III.

THE APPOINTMENT OF THE PERSONNEL AND THE TENURE OF OFFICES OF ITS MEMBERS

Article 8. The arbitrators and investigators of each arbitration court of commerce shall be elected from among

and by the existing members of the Chamber of Commerce to which such court is attached and those who have received more votes shall be elected. When two or more persons have received an equal number of votes, their election shall be determined by lot.

In such election all the names of the persons one votes for shall be written on one ballot-paper by each voter.

Article 9. On electing the personnel mentioned in Article 8 expectant members shall be elected and the number of such members shall be one-third of the fixed number of the members of the personnel.

Article 10. The president of the court shall be elected from among and by the arbitrators themselves.

Article 11. The regulations concerning the appointment of registrars shall be made by the president of the court the president or vice-president of the chamber of commerce acting together.

Article 12. The tenure of office of an arbitrator or investigator is limited to two years unless re-elected on expiration of the period, but no one can be re-elected more than twice.

Article 13. When the president of the court is absent on account of illness or any other reason the arbitrator most senior in order may act for him.

CHAPTER IV.

THE POWER OF THE ARBITRATION COURT OF COMMERCE

Article 14. An arbitration court of commerce has power to deal with commercial disputes when they come before it in any of the following ways:—

- 1. When the traders on both sides, by their own agreement, make application to the arbitration court before bringing an action on the case;
- 2. When action has been brought on the case and the court of justice sends such case to the arbitration court for a settlement.

Article 15. When a commercial dispute, for which an action has been brought, comes before an arbitration court of commerce either on the application of the parties or on being sent to it by a court of justice, and the parties are willing to have the action set aside, the arbitration court of commerce has the right to withdraw the case from the court of justice.

Article 16. Where the arbitrators are of opinion that certain things must be done before they can give their award and these things cannot be done by themselves, they may apply to the competent court of justice for assistance.

Article 17. The award of the arbitrators shall take effect only when the parties consent to it.

Article 18. Where the parties are unwilling to obey the award of the arbitrators they may still bring an action on the case.

Article 19. Where the parties raise no objection against the award and execution has to follow the arbitrators may apply the competent court of justice to make a pronouncement to that effect for them.

Article 20. The arbitrators may order the party who has lost his case to pay such cost as they think fit; in case both parties have succeeded only in part of the case they may order both sides to pay an equal part of the cost; provided that the amount of the cost which any party or parties may be ordered to pay must not exceed two per cent of the value of the subject matter in dispute.

Article 21. The arbitrators must pronounce before the parties as to the appropriation of the cost mentioned in Article 20 and must get the parties agree to it.

Article 22. The arbitrators may examine witnesses and experts, but they have no power to compel them to appear or to enter into recognizance.

Article 23. The arbitrators must examine the parties before giving their award, and, if necessary, they shall investigate the facts of the dispute themselves or delegate such investigation to the investigators.

Article 24. The president of an arbitration court of commerce has the right to administer all the business of the court.

CHAPTER V. THE PROCEDURE IN ARBITRATION

Article 25. An arbitration court of commerce must give notice to both parties within three days on receiving their applications and order them to appear on a certain day. The same rule shall apply when the case is sent down from a court of justice.

Article 26. An arbitration must commence in the presence of both parties and no award by default may be given.

Article 27. The investigators, with regard to any case entrusted to them for investigation as well as any case of which they have a reliable knowledge, must make a report to the arbitrators concerned in such case.

Article 28. Commercial dispute shall be heard before three or five arbitrators.

The arbitrators mentioned in the last preceding section shall be chosen by the president of the court by lot from among the existing arbitrators of the court and they shall elect an umpire among themselves.

Article 29. The award shall be determined by a majority of the votes of the arbitrators so chosen. When the number of votes for and against a proposed award is equal, the umpire shall have a casting vote.

Article 30. Where in the opinion of the president of the court the arbitrators so chosen ought to withdraw from any case for any reason he may order him to withdraw accordingly. Article 31. Where any of the arbitrators so chosen is of the opinion that he himself ought to withdraw from any case for any reason he may apply for leave to withdraw.

Article 32. Where any party to a case is of the opinion that any of the arbitrators so chosen is objectionable for any reason he may raise his objections against him.

Article 33. Where any arbitrator so chosen has been ordered to withdraw or has withdrawn motu proprio, or has been objected to, the president of the court shall choose by lot some other arbitrator.

Article 34. At the conclusion of an arbitration proceeding the arbitrators so chosen shall make written copies of the award to be delivered to the parties, and such copies shall be dated, sealed and signed by such arbitrators. Where an action on the case has been brought before a court of justice, a copy of the award shall be sent to such court.

CHAPTER VI. THE DISCIPLINE OF THE PERSONNEL

Article 35. The president of an arbitration court of commerce may order any member of the personnel of the court to resign when such member commits any of the following acts:—

- 1. breach of official duty;
- 2. misbehavier or dishonesty.

When the president of the court commits any of the aforesaid acts and ought to be ordered to resign, the chief of the local authorities must report the matter to the Ministry of Justice and the Ministry of Agriculture and Commerce.

Article 36. When any member of the personnel of the court commits a breach of his official duty and thereby causes damage to any party he is liable for it.

CHAPTER VII. SUPPLEMENTARY

Article 37. All the regulations relating to arbitration in commercial disputes and enforced in different Provinces shall be repealed on these Regulations coming into force.

Article 38. The alteration or repeal of any regulation relating to arbitration in commercial disputes shall be made by the Ministry of Justice and the Ministry of Agriculture and Commerce acting together.

Article 39. The detailed regulations relating to the administration of the arbitration court of commerce shall be specially made by the Ministry of Justice and the Ministry of Agriculture and Commerce.

DETAILED REGULATIONS RELATING TO THE ADMINISTRATION OF THE ARBITRATION COURT OF COMMERCE

(Promulgated by Presidential Mandate September 21, 1912. Revised November 22 and 26, 1912; and June 10, 1917)

CHAPTER I. GENERAL PROVISIONS

Article 1. An arbitration court of commerce shall settle disputes among traders in accordance with the Regulations of the Arbitration Court of Commerce jointly adopted by the Ministry of Justice and the Ministry of Agriculture and Commerce. Besides the provisions of the Regulations mentioned above, these Detailed Regulations are applicable to the administration of such arbitration court.

Article 2. An arbitration court of commerce shall be attached to every chamber of commerce of a district; the name of such district shall be prefixed to it.

Article 3. The president of an arbitration court of commerce shall sign and be responsible for all letters to which the seal of the chamber of commerce shall also be affixed.

Article 4. Each chamber of commerce shall be responsible for the expenditure of the arbitration court of commerce attached thereto, and shall entrust its president and vice-president with the power to audit its accounts. In a case of arbitration the president of an arbitration court of commerce shall send all moneys, deposit-books, bonds, and funds in trust or for compensation, etc. to the chamber of commerce for safe keeping.

Article 5. All disputes in a case of arbitration shall be settled in accordance with the commercial usages and general principles of the district in which the case arises, provided that no settlement shall be contrary to the provisions of any Laws and Regulations which must be strictly followed.

Article 6. In a place where there is no competent court of justice, or a court of justice which accepts a case or any other court as provided for in the Regulations of the Arbitration Court of Commerce and these Detailed Regulations, the authorities who have concurrent judicial power shall take the functions for such courts.

CHAPTER II. THE APPOINTMENT OF PERSONNEL OF AN ARBITRATION COURT OF COMMERCE

Article 7. With the exception of registrars and the umpire whose appointment or selection are specially provided

for in Article 11 and Article 28, section 2 of the Regulations of the Arbitration Court of Commerce, the election of the personnel of an arbitration court shall be determined by putting all the names of the persons voted for by a voter on the ballot-paper of such voter, and the person who receives more than half of the number of votes shall be considered elected.

When two or more persons have received an equal number of votes, the older in age has the right of priority to assume office; but if they are of equal age the election shall be determined by lot.

Expectant members shall be elected in the same manner as provided in the preceding two sections.

Article 8. If in an election as provided for in the last preceding Article an insufficient number of candidates be elected, balloting shall be continued until the full number of members required have been duly elected.

Article 9. Before any election is to be held, the day fixed for such election must previously be given by the president or vice-president of a chamber of commerce and the personnel shall be elected from among and by the existing members thereof.

The day fixed in the foregoing paragraph must be announced ten days beforehand.

Article. 10. After an election is over, the chamber of commerce shall send a letter together with a certificate to

every successful candidate in order to enable him to assume office and shall also submit a detailed report of the full name, age, place of origin, residence, occupation of such candidate and the number of votes obtained to the Local Authorities, who in turn shall transmit such report to the Highest Administrative Authorities for record. A copy of such report shall also be sent to the Local Courts of Justice if there are any.

Article 11. Successful candidates shall not be allowed to resign without sufficient cause.

Article 12. In case of the removal of the president by whatever cause, a new election shall be held immediately. But in the case of the removal of arbitrators and investigators, the expectant members for the corresponding offices shall fill the vacancies.

The tenure of office of the foregoing persons shall last until the whole term of the original officials terminates.

Article 13. An arbitration court of commerce may employ, for the service of carrying on correspondence with interested parties and doing other work, servants whose number shall be determined as the volume of business requires, or may use the services of other servants of the chamber of commerce.

CHAPTER III.

THE POWER OF THE ARBITRATION COURT OF COMMERCE

Article 14. An arbitration court of commerce shall not deal with any commercial dispute unless such dispute comes before it in any of the following ways:—

- 1. It must be brought up in accordance with the provisions of Article 14 of the Regulations of the Arbitration Court of Commerce.
- 2. It must be within the sphere of operations of the chamber of commerce to which the arbitration court is attached.

Article 15. If the business places of the two parties in dispute are not within the sphere of operations of the same chamber of commerce, the parties concerned may bring the matter in dispute before the arbitration court only after they have agreed to apply to that particular arbitration court for settlement.

The forgoing arbitration court which accepts the application may request other arbitration courts to cooperate with it for the purpose of investigating the actual facts of the matter in dispute,

Article 16. An arbitration court of commerce shall not accept or deal with any one of the following matters:—

Disputes having no relation to commercial transactions.

- 2. Disputes involved in a law-suit either civil or criminal.
- 3. Disputes where neither of the two parties can produce witnesses or evidence.
- 4. Disputes arising on account of illegal commercial transactions.
- 5. Rights and privileges already voluntarily abandoned.
- 6. Disputes where only one party applies for a settlement the other party not consenting.

Article 17. When a court of justice sends a case to an arbitration court of commerce for settlement, the arbitration court shall send it back to the court which accepts it for trial, if such dispute comes within any of the particulars set forth in the preceding Article.

Article 18. When a commercial dispute, for which an action has been brought, comes before an arbitration court of commerce by mutual consent, the parties concerned must first obtain the approval of the court of justice in which the action was brought by an application jointly submitted by the parties to the case, and the parties shall send to the arbitration court duplicate copies of the original petition, rejoinder and the rescript, before the arbitration court takes up the case.

Article 19. Pending the settlement of a commercial dispute in an arbitration court of commerce, if the parties concerned have already made a compromise outside, each one of them must send in an application setting forth full particulars concerning such compromise and asking the arbitration court for dismissal of the matter; and where a case has already been brought before a court of justice, the arbitration court shall obtain from both parties declarations affirming the compromise to be transmitted to the court in which the case is pending.

Article 20. A reasonable fee shall be charged in a commercial dispute for arbitration as costs of the settlement by an arbitration court of commerce in accordance with the provisions of Article 20 of the Regulations of the Arbitration Court of Commerce. But if a party concerned has his name registered in a chamber of commerce by payment an annual fee as member thereof, the costs shall be reduced to one half of the highest amount fixed by the Ministry.

CHAPTER IV.

THE REMUNERATION AND DISCIPLINE OF THE PERSONNEL

Article 21. The president of an arbitration court of commerce has, in accordance with the provisions of Article 24 of the Regulations of the Arbitration Court of Commerce, the right to administer all the business of the court; but in

other important matters not relating to arbitration, he must consult with the president and vice-president of the chamber of commerce to which an arbitration court is attached before any action is taken.

Article 22. The power of an arbitrator is limited by the provisions of Article 16, and Articles 19-23 of the Regulations of the Arbitration Court of Commerce.

Any act done by an arbitrator, which is contrary to the spirit of arbitration or which exceeds the power of such an arbitrator as provided for, shall be considered invalid.

Article 23. The power of an umpire shall be the same as an arbitrator except as is specially provided for in Article 29 of the Regulations of the Arbitration Court of Commerce.

Article 24. Unless there is adequate reason, an arbitrator or umpire shall not be allowed to refuse to participate in a case, after such arbitrator or umpire has been chosen or elected for the purpose.

Article 25. An investigator, with regard to any case entrusted to him for investigation, must make to the arbitrators a full and reliable report relating to the various questions involved in the matter; if he has acquired information or knowledge other than that which he is asked to investigate, he must also write it down in the report for reference.

Article 26. In a case entrusted to him for investigation if an investigator sees that it can only be done jointly with the directors of a business concern, he should inform the president of an arbitration court of commerce, who shall notify the chamber of commerce and ask the latter to write to the directors for their cooperation.

Article 27. Every investigator is supplied with a certificate for every case entrusted to him for investigation, and he may require, when absolutely necessary, the help of the police in any case where a person obstructs and refuses to allow an investigator to make any investigation.

Article 28. An investigator must not do an act ultra vires in the course of investigation in a case entrusted him for investigation, and no force or disturbance shall be allowed.

An investigation shall be without effect if it is done in violation of the provisions of the foregoing paragraph.

Article 29. The registrars shall have charge of all copies of documents and letters, and shall have the custody of all documents, records of a case, accounts and any other miscellaneous matters of an arbitration court of commerce.

Article 30. The offices of the president, arbitrators and investigators of an arbitration court of commerce shall be honorary, but remuneration may be paid to them provided that the amount does not exceed that which is allowed by

Article 7 of the Regulations of the Arbitration Court of Commerce.

Travelling allowances and other necessary expenses may be paid to an investigator while he is engaged in a case of investigation.

The salaries of registrars, shall be fixed by the president according to the volume of business to be transacted by them.

Article 31. When a member of the personnel of an arbitration court of commerce resigns for any cause justifying such resignation, or is liable to pay damages for injury caused by him to any party, the provisions of Article 35 and Article 36 of the Regulations of the Arbitration Court of Commerce shall apply.

CHAPTER V. THE PROCEDURE IN ARBITRATION

Article 32. A case of arbitration shall be taken up according to the order of applications submitted; but an arbitration court may change the schedule and take up any case on hand under extraordinary circumstances.

Article 33. In an application by any person asking for an arbitration such person must state briefly and clearly therein the facts of the commercial dispute and set forth the following particulars:—

- 1. Full name, age, place of origin and residence of the party concerned.
 - 2. Occupation.
 - 3. Street number, trade name and place of business.
 - 4. Witnesses or experts if any.
 - 5. The various kinds of accounting books and the number of copies.

Article 34. When an application as mentioned in the preceding Article is made, the party concerned must put ten cents' worth of judicial stamps thereon; but if the matter involved is not acceptable by an arbitration court after examination, the official-in-charge of the matter shall furnish the applicant a certificate so as to enable him on the production of the certificate to recover the ten cents from the place where he bought the judicial stamp.

Article 35. A verbal request for an arbitration may be made for a trivial case or for one which requires speedy settlement.

In a case such as the foregoing, the full particulars provided for in Article 33, sections 1-5 must be clearly stated.

Article 36. The president shall announce whether a written request is acceptable or not after inspection.

In a case of verbal request the president shall tell the person concerned directly whether it is acceptable or not as soon as such person has finished his statement. If the foregoing case is acceptable, the party concerned must send in an application and the first part of Article 34 concerning the matter of judicial stamp is applicable.

Article 37. After the acceptance of a case, the president shall choose from three to five persons and ask them to come to make examination.

If in such a case the facts cannot be thoroughly understood unless a previous inquiry or investigation is made, the arbitrators shall follow the provisions of Article 23 of the Regulations of the Arbitration Court of Commerce.

Article 38. When a party to a case is of the opinion that any one of the arbitrators so chosen is objectionable he must set forth beforehand the causes of his objections against him, but he shall not be allowed to do so at the time when the case has already been brought up for arbitration unless such objections arise and are discovered by the party concerned while the proceeding of the case is in progress.

Article 39. In a case where an arbitrator so chosen is of the opinion that he himself ought to withdraw or to apply for leave to withdraw, or should withdraw on account of objections raised against him, the provisions of Articles 30-33 of the Regulations of the Arbitration Court of Commerce shall apply.

Article 40. In a case when an investigator so chosen is of the opinion that he himself ought to withdraw or to

apply for leave to withdraw, or should withdraw on account of objections raised against him, the provisions of Articles 30-32 of the Regulations of the Arbitration Court of Commerce shall apply.

Article 41. The president or umpire shall request another investigator to fill the vacancy, when an investigator withdraws or applies for leave to withdraw, or withdraws on account of any objections raised against him.

Article 42. A case for arbitration must be settled within three days after a verbal request is made; but if sufficient cause is shown that it is impossible to make a settlement within so short a time, the settlement may be postponed.

Article 43. On receiving written request asking for an arbitration, an arbitration court of commerce must give notice to the parties concerned as well as the witnesses within three days after a day is fixed for commencing the arbitration and order them to appear on the very day. The same rule shall apply when the case is sent down from a court of justice.

Article 44. A party concerned may apply, before the day fixed for the arbitration, a postponement, provided that sufficient cause for his inevitable absence is shown; but such postponement shall not be allowed more than three times and the time for each postponement shall not exceed two weeks.

When the day fixed for arbitration has already been postponed for more than three times and the party concerned is still unable to be present, the case shall be dismissed no matter whatever cause is again shown. Cases sent down by a court of justice for settlement shall then be sent back to the original court for trial.

Article 45. In addition to witnesses brought in by a party concerned in a case for arbitration, the arbitrators may from time to time ask the president to invite any other witness who is regarded as necessary in the case to come to give evidence.

The same rule shall apply when experts are to be invited to come.

Article 46. The arbitrators shall not be allowed to make threats to witnesses or experts during examination.

If the foregoing provisions are violated not only the evidence given shall be without effect, but such witnesses and experts may apply to the president for an adequate disciplining of the arbitrators.

Article 47. In every case of arbitration, the party concerned who must appear in person shall clearly state the facts which give rise to the dispute and shall express his own opinion relative to the settlement of such dispute. But if his appearance shall be absolutely impossible, he may send a representative.

If the above mentioned representative is not authorized to make a settlement or is not clear as to the facts of the case, the other party may ask the arbitrators to reject him.

Article 48. The award in an arbitration shall take effect only when the parties consent to it.

The party who gives no consent to such award may still start legal proceedings against the other party.

Article 49. The award in an arbitration shall be considered, after the consent of both parties has been given, conclusive and shall be signed by them.

After the conclusion of an arbitration the award shall take effect and no person shall be allowed to make protest, unless serious errors in the facts which formed the nucleus of the case, or any other new evidence contrary to that on which the award was based, shall be found out later.

Article 50. When damages or any other fees are to be paid after an arbitration case has been concluded, the party concerned must secure a well-to-do and reliable person to be his guarantor before payment, and unless there is such suitable guarantor the matter shall be referred to a competent court of justice which shall order a forcible execution.

When the property or goods involved in a case are interwoven with administrative affairs, the fact shall be reported to the administrative office concerned for consideration and execution.

Article 51. When an arbitration court is in session, everything shall be conducted openly unless in a case where secrecy should be observed; but a person other than a merchant, or a person who has no interest in a case, shall not be allowed to visit the court, unless specially permitted to do so. A visitor has no right to address the court.

Article 52. An investigator who has been assigned to make investigation in a case is required to express his opinion where the arbitration court of commerce is in session, but he shall have no right to record a vote in the decision of the case.

Article 53. During examination the parties concerned and the witnesses must speak in due order and no interruption shall be allowed.

When an argument is engaged in by the parties, it shall be made calmly and peacefully. Abusive language shall be absolutely prohibited. A party may speak only after the other party has finished his statement; any person refusing to observe this rule shall be stopped by the arbitrators.

Article 54. The arbitrators shall jointly sign the records of the arbitration and assume responsibility therefor.

Article 55. A party concerned shall not be allowed to leave the court before the arbitration court retires.

Article 56. If an arbitration proceeding is not finished and it is necessary to hold a further session, the umpire

shall fix a day for the purpose and announce it in open court.

Article 57. The president of an arbitration court of commerce shall every three months prepare a list of cases, finished or unfinished, to be sent to the President of the High Court for transmission to the Ministry of Justice, showing the following particulars:—

- 1. Provisions of sections 1-3 of Article 33.
- 2. Whether the cases for arbitration are accepted by application of a party interested or sent down by a court of justice for settlement. If a case comes on an application of a party interested, it must be expressly stated whether it comes on verbal or written request. On the other hand, if it is sent down by a court of justice, the name of such court must be given.
- 3. The award of the arbitration.
- 4. The causes of the dispute.
- 5. The grounds and important facts of the arbitration.
- 6. The effect of the arbitration.
- 7. Whether there is any forcible execution or not after conclusion of the arbitration
- 8. The date of the award and names of the arbitrators in the case.

CHAPTER VI.

SUPPLEMENTARY

Article 58. An arbitration court of commerce in a province which has not submitted for approval its own Detailed Regulations relating to the administration of the court, must follow these Detailed Regulations and must stop drafting a new one.

Article 59. All other Detailed Regulations relating to the administration of an arbitration court of commerce in the provinces shall be repealed on the coming into force of these Detailed Regulations, notwithstanding they have been approved by the Ministries and kept for record before.

Article 60. Amendment or repeal of these Detailed Regulations may be made by the Ministry of Justice and the Ministry of Agriculture and Commerce acting together.

Acticle 61. These Detailed Regulations shall take effect from the day of promulgation.

THE LAW OF CHAMBERS OF COMMERCE

(Promulgated on September 12, 1914; Revised on December 14, 1915.)

CHAPTER I. GENERAL PROVISIONS

Article 1. The Chambers of Commerce referred to in this law include General Chambers of Commerce and Chambers of Commerce.

Article 2. General Chambers of Commerce and Chambers of Commerce are juristic persons.

CHAPTER II. ORGANIZATION

Article 3. A General Chamber of Commerce may be established in the locality where the Highest Local Administrative Authority resides, and in important industrial and commercial open ports.

Article 4. A Chamber of Commerce may be established in the locality where a Local Administrative Authority

resides, and in other prosperous industrial and commercial places under the jurisdiction of such Local Administrative Authority.

When it is necessary to establish two Chambers of Commerce within one administrative area, or a special Chamber of Commerce to function over two administrative areas, such Chambers of Commerce may be established with the approval of the Ministry of Agriculture and Commerce.

Article 5. There must be at least fifty persons, possessing the qualifications required for membership, to commence the formation of a General Chamber of Commerce. These persons shall draw up a draft constitution in accordance with the provisions following herein, and shall forward the same to the Highest Local Administrative Authority who shall submit such draft constitution to the Ministry of Agriculture and Commerce for approval. No General Chamber of Commerce shall be legally established until this approval of the Ministry of Agriculture and Commerce shall have been obtained.

There must be at least thirty persons, possessing the qualifications required for membership to commence the formation of a Chamber of Commerce. These persons shall draw up a draft constitution in accordance with the provisions specified below in this Article, and shall forward the same to the proper Local Administrative Authority who shall forward the same to the Highest Local Administrative

Authority, who shall submit such draft constitution to the Ministry of Agriculture and Commerce for approval. No Chamber of Commerce shall be legally established until this approval of the Ministry of Agriculture and Commerce shall have been obtained.

A draft constitution referred to in the preceding paragraphs of this Article shall contatin the following:—

- a. Name, area, and residence of the Chamber of Commerce.
- b. Provisions regulating the number of Directors and the method of election.
- c. Provisions regulating the functions of officers, appointment of officers, and termination of office.
- d. Provisions regulating meetings.
- e. Provisions regulating finance.
- f. Provisions regulating the arbitration of commercial and industrial disputes.

Article 6. There is no limit to the number of persons who may become members of a General Chamber of Commerce or of a Chamber of Commerce; provided that a member shall be of Chinese nationality, shall reside in the area concerned, and shall be a person possessing one of the following qualifications:—

a. An officer of a central or branch office of a commercial association who is a manager of such commercial association.

- b. A director of a guild of a special trade who is a manager of a firm or business in that trade.
- e. A proprietor and manager of an industrial or commercial undertaking or a manager of any such industrial or commercial undertaking.

Article 7. Any person possessing the qualifications for membership as specified in Article 6 shall not be eligible for membership of a General Chamber of Commerce or of a Chamber of Commerce if he is one who is:—

- a. deprived of civil rights, or
- b. an undischarged bankrupt, or
- c. non compos mentis.

Article 8. The officers of a General Chamber of Commerce, or of a Chamber of Commerce are the following:—

- a. President.
- b. Vice-president.
- c. Directors.

Article 9. A General Chamber of Commerce shall have,

one President;

one Vice-president; and not less than thirty, and not more than sixty Directors.

A Chamber of Commerce shall have,

one President;

one Vice-president; and not less than fifteen, and not more than thirty Directors.

Article 10. A General Chamber of Commerce or a Chamber of Commerce may have special directors. The number of special directors shall not exceed one fifth of the number of directors.

Article 11. President, Vice-presidents, Directors and special Directors are all honorary officers of a Chamber of Commerce.

Article 12. The office of a General Chamber of Commerce or of a Chamber of Commerce shall be located within the area where such Chamber of Commerce functions.

A General Chamber of Commerce, or a Chamber of Commerce, where, because of special circumstances, it considers it necessary, may establish branch-offices within the area concerned.

Article 13. If a Chamber of Commerce establishes a branch-office, the affairs of such branch-office shall be controlled by the Directors of this Chamber of Commerce who reside or who are carrying on business within the locality wherein such branch-office is functioning. Such directors shall be the directors of such branch-office.

Article 14. If in any case provided for by Article 13 there are two or more directors of a branch-office, such directors shall select from among themselves a chief-director of such branch-office.

Article 15. A paid staff may be employed in an office of a General Chamber of Commerce, a Chamber of Commerce, or a branch-office.

CHAPTER III.

FUNCTIONS

Article 16. A General Chamber of Commerce, or a Chamber of Commerce has the following functions and powers:—

- a. To devise means to improve industry and commerce.
- b. To make recommendations to the National or Local Administrative Authorities with reference to the drafting, the amending or the revoking of industrial or commercial regulations, and any other matters concerned with industrial or commercial interests.
- c. To answer enquiries from and to assist the investigations of National or Local Administrative Authorities, with reference to industrial and commercial affairs.
- d. To make enquiries with respect to commercial and industrial conditions and to collect statistical information.
- e. On the request of manufacturers or merchants to investigate industrial and commercial matters, and to certify as to the place of origin and the cost of production of commercial products.

- To collect commercial and industrial products for purposes of exhibition.
- g. Upon the request of a party or parties concerned to arbitrate in any industrial or commercial dispute.
- h. To endeavour to ease difficult situations caused by any money crisis arising in industrial or commercial affairs, and to request the local administrative authorities to do the same.
- i. To establish commercial or industrial museums and schools, and to promote any other public undertakings of a commercial or industrial nature provided that the approval of the Ministry of Agriculture and Commerce shall have been obtained.

Article 17. A General Chamber of Commerce has the power, in addition to the matters specified in Article 16, to do the following:—

- To arbitrate in any dispute between Chambers of Commerce, if such Chambers of Commerce shall so request;
- b. To transact jointly with a Chamber or Chambers of Commerce any matter which has been referred to the General Chamber of Commerce by a National or Local Administrative Authority, if such General Chamber of Commerce shall consider such action necessary.

CHAPTER IV.

ELECTION AND TERM OF OFFICE

Article 18. Directors are elected by the members by ballot.

Presidents and Vice-presidents are elected by the Directors from among themselves by ballot.

Whenever an election of a President, Vice-president, or Directors shall have taken place, the result of such election shall be reported to the Ministry of Agriculture and Commerce by the Highest Local Administrative Authority or by the Local administrative Authority.

Article 19. Any person of considerable wealth, or any person reputed to have knowledge, skill or ability in industrial or commercial affairs may be nominated by the Directors as a Special Director.

Whenever a nomination of a Special Director shall have been made, the procedure specified in the last paragraph of Article 18 shall be followed.

Article 20. Any member has a right to vote and a right to be voted for; provided that any person shall not be elected unless he be at least thirty years of age.

Article 21. In any election a voter shall cast one ballot only.

Article 22. In any election a voter shall himself sign his ballot paper.

Article 23. The term of office of a President, Vice-president, or a Director is two years. Any person elected to complete the full term of his predecessor in office shall hold such office only till the completion of the original term.

Article 24. A President, Vice president or a Director having served in office for one full term may be re-elected a second time to such office, but shall not be eligible to be elected for a further term.

Article 25. Any holder of an office shall vacate such office only on the assumption of office by the newly elected officer.

CHAPTER V.

MEETINGS

Article 26. A Chamber of Commerce may hold regular meetings, and special meetings.

Article 27. Regular meetings are annual meeting, and meetings of officers. An annual meeting shall be held once in a year. Meetings of officers shall be held two or more times a month. A special meeting may be held whenever called.

Article 28. Unless there are present in any meeting two-thirds of the total number of members, and unless there

be a two-thirds majority of those members present voting in favour of a resolution, no resolution with respect to any of the matters specified in sections a, b, and c, of this Article shall be adopted:—

- a. Amendment of the Constitution.
- Resignation or dismissal of an officer; expulsion of an officer; deprivation of a member of the right to be voted for.
- c. Election of auditors; and any other matter to do with audit.

Any resolution affecting any of the matters specified in Section a of this Article, if duly adopted shall not take effect until it has been approved by the Ministry of Agriculture and Commerce.

Any resolution affecting any of the matters specified in Section c. of this Article, if duly adopted, shall not take effect until it has been approved by the Highest Local Administrative Authority.

CHAPTER VI.

VOCATION OF OFFICE AND PUNISHMENT

Article 29. An officer in the following circumstances may be ordered to vacate his office.

- a. Where in case of necessity the resignation of an officer has been accepted by a meeting.
- b. Whenever an officer has done any of the acts specified in Article 7.
- c. Whenever any officer, because of neglect of duty, has been ordered by a resolution of a meeting to vacate his office.

Whenever there is reliable evidence tending to show that an officer has violated law, or has acted in such a way as to endanger the public peace, the Ministry of Agriculture and Commerce, or the Highest Local Administrative Authority, may order such officer to vacate his office.

Article 30. Any officer who has been guilty of corrupt practice or of any other improper conduct tending to injure the good fame and credit of a Chamber of Commerce may be dismissed from office by a resolution of the Chamber of Commerce.

Should any officer be dismissed in accordance with the provision of the first paragraph of this Article, the right of such person to be elected an officer of the Chamber of Commerce shall be suspended for two years.

CHAPTER VII. EXPENSES

Article 31. A General Chamber of Commerce, or a Chamber of Commerce may incur expenses of two kinds:—

- a. Office expenses;
- b. Expenses of carrying out any matter.

The members of a Chamber of Commerce shall be responsible for all office expenses incurred.

Article 32. The estimated expenditures, and the actual disbursements of a General Chamber of Commerce or of a Chamber of Commerce, together with a report of work done, shall be embodied and published in an annual report.

Article 33. In addition to what is required under the provisions of Article 32, a General Chamber of Commerce, and a Chamber of Commrece shall each year make a report of the work done in that year to the Ministry of Agriculture and Commerce.

The Ministry of Agriculture and Commerce has the right at any time to require a General Chamber of Commerce or a Chamber of Commerce to submit its budget of estimated expenditures and actual disbursements to the Ministry.

CHAPTER VIII. DISSOLUTION AND WINDING UP

Article 34. A Resolution to dissolve a Chamber of Commerce shall be passed, if carried by a two-thirds majority of the members present, provided that the number of members present be not less than three-fourths of the total number of the members of the Chamber of Commerce.

A resolution adopted by a Chamber of Commerce in accordance with the provisions of the first paragraph of this Article shall not take effect unless resolution has been approved by the Ministry of Agriculture and Commerce.

Article 35. Any Chamber of Commerce which has been dissolved shall be deemed to continue its existence during the time of winding up.

Article 36. A Chamber of Commerce may elect liquidators at the time that it is dissolved. Should there be a vacancy in the number of liquidators at any time after election, a new election may be held to fill such vacancy.

Article 37. If in any case it shall be impossible to elect liquidators, liquidators may be appointed by the Local Administrative Authority or by the Highest Local Administrative Authority.

Article 38. Liquidators as representing a Chamber of Commerce have the right to transact any business concerned with the winding up.

Article 39. Any plan of action concerned with the winding up, or relating to the disposition of any assets, that has been decided on by the liquidators must be approved by resolution of the Chamber of Commerce.

Should a Chamber of Commerce neglect or find it impossible to pass such a resolution the liquidators may themselves settle plans of action for winding up and for the disposition of assets, provided that such plans of action shall not be put into execution unless approved by the Highest Local Administrative Authority.

Article 40. The members of a Chamber of Commerce which has been finally dissolved shall be liable for its unpaid debts.

CHAPTER IX. BY-LAWS

Article 41. General Chambers of Commerce and Chambers of Commerce may join together for the formation of a National Association of Chambers of Commerce.

The National Association of Chambers of Commerce has the right to establish offices.

Whatever is done in accordance with the provisions of the above two paragraphs of this Article shall not take effect unless approved by the Ministry of Agriculture and Commerce.

Article 42. A General Chamber of Commerce (Shang Wu Tsung Hwei) which was in existence before this law comes into effect may continue to operate in conformity with the provisions of this law; provided that any such General Chamber of Commerce which is not located in the place where the Highest Local Administrative Authority resides, or in an open port shall, under the supervision of the

Ministry of Agriculture and Commerce, be reorganized into a Chamber of Commerce.

Article 43. A branch Chamber of Commerce (Shang Wu Fen Hwei) or a branch office (fin soa), and such Chambers of Commerce as are situated within a single administrative area and do not violate the provisions of Article 4, which were in existence before this law came into effect, shall, within six months from the day of the promulgation of this law, be reorganized into Chamber of Commerce or branch offices in conformity with the provisions of Articles 5 and 12.

All other organizations shall be dissolved.

Article 44. General Manufacturers' Associations (Kung Wu Tsung Hwei) and Manufacturers' Associations (Kung Wu Fen Hwei) which were in existence before this law comes into effect, shall be dissolved as from the day of the promulgation of this law; provided that any such association may within six months be incorporated into a Chamber of Commerce located in the same area in conformity with the provisions of this law; provided always, that where is no such Chamber of Commerce, an association may be reorganized into a Chamber of Commerce in conformity with the provisions of this law.

Any such incorporation or reorganization shall be carried out in conformity with the provisions of Article 5 provided that it shall be approved by the Ministry of Agriculture and Commerce.

Article 45. Detailed Regulations for the carrying out of this Law shall be promulgated by Presidential Mandate.

Article 46. This law shall take effect from the day of promulgation.



ERRATA

Ordinance for the General Regulations of Traders.

Article 12, line 1, for "puticulars" read "particulars".

, 18, ,, 4, for "applicible" read "applicable".

,, 66, ,, 5, for "busines" read "business".

Commercial Associations' Ordinance.

Article 11, line 5, for "subsection" read "subsections".

,, 121, ,, 11, for "mames" read "names".

,, 212, ,, 1, for "Article" read "Articles".

,, 232, ,, 2, for "ase" read "are".

Detailed Regulations Relating to the Arbitration Court of Commerce.

Article 20, line 6, for "by payment" read "by payment of".

,, 28, ,, 2, for "entrusted" read "entrusted to".

FILING EQUIPMENT BURPAU Cat. No. 1090A	

